

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, APRIL 16, 2018 AT 4:00 P.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, APRIL 16, 2018, 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. MONTHLY REPORTS:

2A. Monthly financials for March 2018. (staff)

2B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

3. PUBLIC HEARING AND POSSIBLE ACTION:

3A. Public hearing for Economic Development Grant Agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas in an amount not to exceed \$850,000 for public infrastructure extension along Thompson Road related to a private development. (staff)

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Appoint Amy Dozier as Corporation Treasurer. (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 April 13, 2018, 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

4B. Funding application from the City of Kerrville for \$2,000,000 in financial assistance for public infrastructure from the Kerrville Economic Improvement Corporation for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes. (staff)

4C. Funding Application from Collett Properties for \$500,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16. (staff)

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. Economic Development Grant Agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas. (Sections 551.071 and 551.087, TX. Gov't Code)

5B. Funding application from the City of Kerrville for \$2,000,000 in financial assistance for public infrastructure from the Kerrville Economic Improvement Corporation for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes.

5C. Funding Application from Collett Properties for \$500,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16.

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 April 13, 2018, 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. Monthly financials for March 2018. (staff)

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

SUBJECT: EIC Financials ending March 31, 2018

FOR AGENDA OF: April 16, 2018 **DATE SUBMITTED:** April 13, 2018

SUBMITTED BY: Amy Dozier
Director of Finance

CLEARANCES: E. A. Hoppe
Deputy City Manager

EXHIBITS: Monthly Financials

APPROVED FOR SUBMITTAL BY DEPUTY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The EIC operating fund received sales tax revenue of \$242,127 for March 2018, which is down slightly compared to same period in prior year. A closer look at our sales tax sources shows decreases in categories relating to construction, waste management and a category called other services that includes auto body repair. These decreases indicate that in FY2017 we saw a bump in revenue related to hail damage repair. The largest sales tax category, retail, is up 1.9% for the year, which is still lower than the 3.6% increase that was budgeted. We will continue to monitor sales tax very closely.

Expenditures for the month included budgeted transfers for debt service and the administrative services fee.

The EIC projects fund had no activity during the month.

RECOMMENDED ACTION

Information purposes only. No action required.

**City of Kerrville
Economic Improvement Corporation**

**Sales Tax Improvement Fund - Summary
For the month ending March 31, 2018**

Beginning Cash Balance		\$1,748,749
Revenues		
Sales Tax	242,127	
Interest Income	7,549	
Total Revenues	<u>249,676</u>	
Expenditures		
Administrative Service Fee	8,333	
Transfer for Debt Service	93,345	
Total Expenditures	<u>101,678</u>	
Change in Net Position		<u>147,998</u>
Ending Cash Balance		<u><u>\$1,896,747</u></u>

**Capital Projects Fund - Summary
For the month ending March 31, 2018**

Beginning Cash Balance		\$ 3,450,000
Revenues		
Total Revenues	<u>-</u>	
Expenditures		
Total Expenditures	<u>-</u>	
Change in Net Position		<u>-</u>
Ending Cash Balance		<u><u>\$ 3,450,000</u></u>

Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expenditure Detail
For the month ending March 31, 2018

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$2,272,941		\$2,272,941		
REVENUES					
Sales and Use Tax	3,482,826	242,127	1,678,646	48.2%	1,804,180
Interest Income	15,000	7,549	34,801	232.0%	(19,801)
Fox Tank Agreement Reimbursement	-	-	10,000		(10,000)
TOTAL REVENUES	\$ 3,497,826	\$ 249,676	\$ 1,723,447	49.3%	\$ 1,774,379
EXPENDITURES					
Administrative					
Local Meetings	\$ 500	\$ -	\$ 40	8.0%	\$ 460
Administrative Services Fee	100,000	8,333	50,000	50.0%	50,000
Economic Development Governing Body	140,000	-	140,000	100.0%	-
Total Administrative	240,500	8,333	190,040	79.0%	50,460
Category I - Business Development					
ED Set Aside	500,000	-	-	0.0%	500,000
Total Category I	500,000	-	-	0.0%	500,000
Category II - Quality of Life					
Tennis Center	750,000	-	375,000	50.0%	375,000
Downtown Streetscape Enhancements	200,000	-	100,000	50.0%	100,000
Debt Service - Series 2011A (River Trail)	259,890	21,696	129,711	49.9%	130,179
Debt Service - Series 2012 (River Trail)	253,413	21,169	127,015	50.1%	126,398
Debt Service - Series 2015 (Sports Complex)	605,350	50,479	302,875	50.0%	302,475
Total Category II	2,068,653	93,345	1,034,602	50.0%	1,034,051
Category III - Public Infrastructure					
Housing	250,000	-	125,000	50.0%	125,000
Reuse Distribution Lines	1,500,000	-	750,000	50.0%	750,000
*Debt Service - Legion Lift Station	200,000	-	-	0.0%	200,000
Total Category III	1,950,000	-	875,000	44.9%	1,075,000
Contingency	-	-	-	0.0%	-
	-	-	-		-
TOTAL EXPENDITURES	4,759,153	101,678	2,099,642	44.1%	2,659,512
CHANGE IN NET POSITION	\$ (1,261,326)	\$ 147,998	\$ (376,194)		
	Budget		Actual		
ENDING CASH BALANCE	\$ 1,011,613		\$1,896,747		

Sales Tax Revenue Analysis - FY18

Month	Actual FY2016	Actual FY2017	Budget FY2018	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	278,698	0.00%	-3.69%
December	254,834	260,757	270,741	252,047	-3.34%	-6.90%
January	255,848	273,741	284,222	273,590	-0.06%	-3.74%
February	347,778	357,098	370,772	354,753	-0.66%	-4.32%
March	223,790	248,560	258,077	242,127	-2.59%	-6.18%
April	237,432	240,783				
May	307,046	308,696				
June	243,070	261,944				
July	249,278	282,792				
August	290,011	306,807				
September	301,250	275,901				
YTD Total	\$ 3,215,695	\$ 3,360,592	\$ 1,748,132	\$ 1,678,646	0.30%	-4.14%

Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 1,896,747	3/31/2018
75	EIC Projects Fund (capital projects fund)	3,450,000	3/31/2018
	Total Cash and Investments	\$ 5,346,747	3/31/2018

Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	3/31/2018
Short Term Investment	EIC TexPool	5,336,747	3/31/2018
	Total Cash and Investments	\$ 5,346,747	3/31/2018

Committed Project Funding Status Summary

Project Inception	Project Description	Budgeted Commitment	Transferred From EIC Operating Fund	Funding Transferred to Project	Funding Transferred to EIC Project Fund
2012-13	Downtown Streetscape	\$ 765,100	\$ 665,100	\$ 565,100	\$ 100,000
2014-15	ED Set Aside	1,500,000	1,500,000	-	1,500,000
2015-16	Olympic Pool	100,000	100,000	100,000	-
2015-16	Housing	850,000	725,000	-	725,000
2016-17	Tennis Center	1,500,000	1,125,000	750,000	375,000
2016-17	Distribution Lines	3,000,000	2,250,000	1,500,000	750,000
TOTALS		\$ 7,265,100	\$ 6,365,100	\$ 2,915,100	\$ 3,450,000

Capital Improvement Projects In Progress - including EIC support

Project	Project Budget	EIC Portion Agreement Commitment	General Fund	Water and Sewer Fund	Other Funds/Loans/ Grants	Bond Proceeds	Project Expense To Date	Project Balance
River Trail	6,525,000	6,000,000	-	-	-	525,000	5,776,935	748,065
Louise Hays/Lehmann-Monroe	2,656,207	2,600,000	18,785	-	37,422	-	2,641,207	15,000
Downtown Streetscape	765,100	765,100	-	-	-	-	47,968	717,132
Kerrville Sports Complex	10,500,000	9,000,000	-	-	1,590,000	8,910,000	10,465,583	34,417
Olympic Pool	100,000	100,000	-	-	-	-	-	100,000
Reuse System	23,003,000	3,000,000	-	4,235,421	7,731,625	8,035,954	15,562,798	7,440,202
Tennis Center	1,500,000	1,500,000	-	-	-	-	15,399	1,484,601

Agenda Item:

- 2B. Projects update:
River Trail
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:

3A. Public hearing for Economic Development Grant Agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas in an amount not to exceed \$850,000 for public infrastructure extension along Thompson Road related to a private development. (staff)

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

SUBJECT: Economic Development Grant Agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas in an amount not to exceed \$850,000 for public infrastructure extension along Thompson Road related to a private development.

AGENDA DATE: April 16, 2018

DATE SUBMITTED: April 13, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES:

EXHIBITS: Funding Agreement

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$850,000	\$0	\$0	N/A

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR: N/A

SUMMARY STATEMENT

Thompson Drive Partners, LLC. (MacDonald and Associates Inc.) has proposed a multi-phase multi-use development along Thompson Drive on a 60-acre tract of land they own that is located in the City of Kerrville ETJ, directly adjacent to the existing City limits, and that is not currently served by water or wastewater utilities. At the time of the original EIC application in August 2017, the developer only owned 30 acres of the proposed development. They now have acquired the adjacent 30 acre property and intend to develop the entire site themselves. The developer intends to develop the property for market rate multi-family and mixed-use purposes; with the initial phase intended to provide a 120 unit Class A multifamily complex and later phases having additional multi-family, townhome, and mixed-use office & restaurant potential.

One key impediment to development within this corridor of Thompson Drive is the lack of water and wastewater utility services. The extension of utility services in this corridor should enable development not only for this 60 acre property, but throughout much of the vacant land within that corridor. It was identified as a public project in the 2012 Wastewater Master Plan, but has not yet been achieved due to cost. The developer has received bids for the utility service extensions as described, and intends to install infrastructure that has approximately 20% more wastewater capacity than needed for the anticipated full build out of their 60 acres of land. Current estimates for the engineering and construction costs to extend utilities to this site are \$1,850,000, and the developer is asking for \$850,000 in EIC assistance to accomplish the

construction. Upon completion of the utility project, the utilities will be turned over to the City of Kerrville for ownership, operation, and maintenance.

PROJECT HISTORY

- August 4, 2017: City receives EIC application from MacDonald Associates Inc.
- Early August 2017: City staff and KEDC discussed the application and additional information was sought by KEDC
- September 12, 2017: KEDC completed an initial Economic Impact Analysis based off of the project assumptions at that time (full mixed-use development of the 60 acres in phases over 10 years) indicating over \$12 Million in Net Benefits.
- September 18, 2017: EIC was presented with the initial EIC application and conducted an Executive Session discussion to discuss the preliminary project details and economic impact analysis. Direction was provided to staff to proceed with negotiating preliminary terms.
- October 16, 2017: EIC conducted an Executive Session discussion to discuss the preliminary negotiated deal points.
- November 27, 2017: EIC conducted an Executive Session discussion to discuss the renegotiated deal points.
- January 22, 2018: EIC conducted an Executive Session discussion to discuss the project and directed staff to reanalyze the economic impact analysis under the assumption that only the initial phase of 120 multifamily units would occur, yielding a Net Benefit to the community of \$1,354,448 over the first 10 years.
- March 6, 2018: City staff reviewed the project proforma with the applicant.
- March 12, 2018: The GO Team (Gary Cooper, Walt Koenig, Mark McDaniel, E.A. Hoppe) met to review the current status of the project and the revised Economic Impact Analysis. The GO Team unanimously recommended the project.
- March 19, 2018: EIC conducted an Executive Session discussion to review the revised Economic Impact Analysis and the terms of a draft Funding Agreement. The EIC voted to direct staff to set a Public Hearing on the project for the April 16th EIC meeting.

AUXILLARY COMMUNITY BENEFITS

There are several auxiliary benefits of the project to the community that are not explicitly captured within the economic impact analysis that was conducted. For instance, the wastewater components of the proposed infrastructure installation have a construction value of approximately \$1.32 million. As previously stated, the City will initially have access to 20% of this capacity to provide to other developments within the Thompson Road corridor. The value of that initial 20% of capacity is \$264,000.

In addition, the negotiations have yielded an arrangement whereby an approximate 0.9 acre river trail easement, 1.5 acres of dedicated parkland, and a trailhead/shared parking will be provided.

Again, there is also the intangible benefit of the extension of utility services in this corridor enabling future development not only for this 60 acre property, but throughout much of the vacant land (over 300 acres) within the Thompson Road corridor directly adjacent to the proposed infrastructure. In addition, through this development agreement the City also has the opportunity to bring this 60 acres of land into the City limits to provide better regulatory guidelines on how the property will develop in accordance with the community's vision as identified in the Kerrville 2050 Comprehensive Plan.

FUNDING AGREEMENT SUMMARY

Developer will:

- Engineer and install the \$1,850,000 in public water and wastewater infrastructure as described
- Upon completion of the utility project, the utilities will be turned over to the City of Kerrville for ownership, operation, and future maintenance
- Agree to dedicate a river trail easement across the property near the river/lakefront and in an agreeable location with the City (~0.90 acres). Will provide dedicated park space on the property accessible to the public (1.5 acres) in addition to working with the City to create a Trailhead/Shared Parking Agreement for trail and park users.
- Conduct a traffic impact analysis for the development site

City will:

- Provide \$850,000 in total EIC 4A/4B funding in three equal installments of \$283,333:
 - Installment 1: Payable upon completion of the annexation and zoning of the property into the Kerrville City limits (Planned Development District or adjacent zoning designation consistent with Kerrville 2050 Comprehensive Plan)
 - Installment 2: Payable upon substantial completion of the construction, and acceptance from the City, of the proposed infrastructure in addition to commencement of construction of the 120 unit multifamily complex (First two installments to be refunded to City if developer does not construct development within a set period of time)
 - Installment 3: Payable upon Certificates of Occupancy being issued for 120 units of workforce housing
- Provide an additional \$75,000 in funding via a Chapter 380 Agreement directly with the City to pay for the requested upsizing of the HDPE bore pipe and the gravity sewer main as previously outlined. This funding will be payable via a rebate of property taxes collected by the City from the taxable improvements installed on the property.
- Reserve 80% of the installed wastewater capacity for the proposed development for up to five (5) years from the date of annexation into the City
- Reserve up to 40% of the installed wastewater capacity for the proposed development for up to ten (10) years
- After 10 years the City will have full access to the original capacity provided by the original installed infrastructure and can assign said capacity to the general public via any regular policy or practice adopted by the City Council/staff

RECOMMENDED ACTION

Provide direction on approval of Funding Agreement.

DRAFT 4/13/18

ECONOMIC DEVELOPMENT GRANT AGREEMENT BETWEEN THOMPSON DRIVE PARTNERS, LLC, THE CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION, AND THE CITY OF KERRVILLE, TEXAS

This Economic Development Grant Agreement ("Agreement") is entered into as of the Effective Date by and between **THOMPSON DRIVE PARTNERS, LLC**, a Texas limited liability corporation ("Company"), acting herein by and through its duly authorized Chief Executive Officer; the **CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION** ("EIC"), a Type B Economic Development Corporation established pursuant to Chapters 501, 502, and 505 of the Texas Local Government Code, as amended (*i.e.*, the Development Corporation Act and hereafter referred to as "the Act"), acting by and through its duly authorized President; and the City of Kerrville, Texas ("City"), acting by and through its duly authorized City Manager. Company, EIC, and City are sometimes collectively referred to herein as "Parties" and individually as "Party".

WITNESSETH:

WHEREAS, pursuant to the Act, EIC is authorized to provide funding relating to the construction of projects which EIC finds to be encompassed within the definition of "Projects", as that word is defined by Chapters 501 and 505 of the Act; and

WHEREAS, the EIC was formed to administer sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects including:

Expenditures that are found by the EIC to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to, streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements as provided by Section 501.103 of the Act; and

WHEREAS, Company, whose headquarters is in Kerr County, Texas, is part of a group of companies specializing in developing, building, and managing multifamily neighborhoods across Texas, which includes over 5,700 units in 48

communities within 25 Texas cities, and has become one of the nation's leading homebuilders specializing in multifamily developments; and

WHEREAS, Company owns the Land (as defined below) which is located in Kerr County, Texas, adjacent to City's incorporated limits, and within City's extraterritorial jurisdiction, and for which Company has petitioned City for annexation into City's incorporated limits; and

WHEREAS, Company desires to develop the Land and to have the Land served by public water and wastewater service provided through a connection to City's water and wastewater systems and in so doing, will need to design, construct, and extend the closest water and wastewater mains to the Land (the "Improvements", as defined below) as part of its initial multifamily project; and

WHEREAS, Company has advised City that a contributing factor that would induce Company to develop the Land and construct the Improvements would be an agreement with EIC to provide an economic development grant to Company to defray a portion of the costs of the construction of the Improvements; and

WHEREAS, Company has also requested, and by this Agreement the City agrees, to reserve capacity in the Wastewater System that Company constructs and extends to the Land per the terms contained herein;

WHEREAS, Company is expected to initially invest over 8 Million Dollars (\$8,000,000.00) to develop the Property (as defined below); and

WHEREAS, Company plans to build a multifamily housing project on the Land consisting of no fewer than 120 multifamily housing units within an initial phase, with subsequent construction phases that may include a mixed-use development on the remainder of the Land; and

WHEREAS, upon completion, the Improvements will not only provide service to the Land, but approximately 300 acres of property that the Improvements will extend over, which may generate and enable future development in the area; and

WHEREAS, finding that providing a grant to fund construction of the Improvements in support of the Development (as defined below) is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises by promoting the expansion of additional housing stock needed to encourage the relocation to the City of people entering the local employment pool, EIC has determined that such a grant complies with the Act and is in keeping with the mission of EIC and City of Kerrville Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures; and

WHEREAS, based upon the terms of this Agreement, EIC believes that a return on its investment will occur within the next ten (10) years; and

WHEREAS, EIC finds that it will be in the public interest to enter into this Agreement with Company to provide a grant of 4B Revenues, as defined below, to Company for a portion of its cost necessary for the construction of the Improvements; and

WHEREAS, on April 16, 2018, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, EIC held a public hearing pursuant to Section 505.159 of the Act related to the proposed expenditure of 4B Revenues for the purposes provided above;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, Company, EIC, and City agree as follows:

Article I Definitions

For purposes of this Agreement, each of the following terms has the meaning set forth herein unless the context clearly indicates otherwise:

“4B Sales Tax” means the one-half of one percent (0.5%) sales and use tax imposed pursuant to the Development Corporation Act, Title 12, Subt. C-1, Ch. 501-505, Texas Government Code, and collected by City for the benefit of EIC.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person.

“Bankruptcy or Insolvency” means the dissolution or termination of a Party’s existence as a going business, insolvency, appointment of receiver for any part of such Party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Commencement of Construction” means that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the Development on the Land; (ii) all necessary permits for the construction of the Development on the Land pursuant to the plans have been issued by all applicable governmental authorities; and (iii) grading of the Land and construction of the vertical elements of the Development have begun.

“Completion of Construction” means the date that the certificates of occupancy for all buildings and other improvements comprising the Development have been issued by City.

“Control,” or any derivation thereof, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, by contract or otherwise.

“Development” means a multifamily housing development with no fewer than 120 dwelling units and associated utilities, landscaping, parking, and other associated improvements of Class A quality and characteristics, similar to that of Company’s “Orchard Grove” development located in Fredericksburg, Texas.

“Force Majeure” means any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or inaction (unless caused by the intentionally wrongful acts or omissions of the Party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns, or work stoppages.

“Grant” means the amount of Eight Hundred Fifty Thousand and No/100 Dollars (\$850,000.00) paid by EIC to Company in installments as provided in this Agreement.

“Improvements” means collectively the Water System and Wastewater System each of which will provide public water and wastewater services to the Land, as more fully described in the submittals filed with and approved by City, from time to time.

“Land” means the real property described in **Exhibit A**.

“Local Sales and Use Tax” means (i) the one percent (1%) sales and use tax imposed by the City pursuant to Chapter 321, Texas Tax Code and (ii) the 4B Sales Tax.

“Person” means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other entity.

“Project” means the design and construction of the Improvements extending to and terminating at the Land.

“Property” means, collectively, the Improvements and the Land.

“Related Agreement” means that certain Economic Development Incentive Agreement between City and Company dated as of the approximate date of this Agreement.

“Required Use” means Company’s continuous use for occupancy of the Development on the Land.

“Substantial Completion of Construction” means City’s approval and acceptance.

“Wastewater System” includes an approximate 8,000 linear foot sewer force main, an approximate 1,000 linear foot gravity sewer main, and a lift station culminating in a base design capacity of 110,000 gallons of wastewater per day as more fully described in the submittals filed with and approved by City, from time to time.

“Water System” includes an approximate 4,000 linear foot, twelve inch (12.0”) public water main as more fully described in the submittals filed with and approved by City, from time to time.

Article II Term

2.1. Effective Date and Termination. Subject to approval by City’s City Council and, if applicable, compliance with Section 505.160 of the Act, the term of this Agreement (the “Term”) commences on April 25, 2018 (the “Effective Date”), and terminates on the earlier of:

- (a) April 24, 2030;
- (b) when terminated by mutual agreement of the Parties;
- (c) if Commencement of Construction does not occur by the date set forth in Section 4.4 and, EIC elects to terminate this Agreement by providing notice to Company before Commencement of Construction actually occurs;
- (d) if Completion of Construction does not occur by the date set forth in Section 4.4 and, EIC elects to terminate this Agreement by providing notice to Company before Completion of Construction actually occurs;
- (e) when terminated pursuant to Articles VIII or IX; or
- (f) at Company’s sole and absolute discretion, upon Company’s return of the Grant, or the portion of the Grant it has received, to EIC.

2.2 Rights upon Termination. Upon termination of this Agreement, all rights, duties, and obligations of any kind under this Agreement will automatically expire and terminate and be of no other force and effect except to the extent such obligations expressly survive the termination of this Agreement.

Article III 4B Revenue Grant

3.1 Payment of Grant. Subject to the obligation of Company to repay the Grant pursuant to Section 4.4 or other provisions of this Agreement, and the continued satisfaction of all the terms and conditions of this Agreement by Company, EIC agrees to provide Company with an amount up to and not to exceed the Grant, which EIC shall pay in three equal installments of Two Hundred Eighty-three Thousand Three Hundred Thirty-three and No/100 Dollars (\$283,333.00) each, as follows:

(a) EIC shall pay the first installment of the Grant to Company not later than thirty (30) days after (i) the City's enactment of an ordinance annexing the Land and adopting the initial zoning to the Land setting forth regulations relating to the development and use of the Land that will permit the use of the Land for the Development; and (ii) Company has delivered documentation to City, in a form acceptable to City, that Company has incurred or contractually obligated itself to incur not less than the full price of the cost for the Improvements;

(b) EIC shall pay the second installment of the Grant to Company not later than thirty (30) days after Company's delivery to City of a request for payment of said installment accompanied by (i) Completion of Construction of the Improvements; and (ii) Commencement of Construction for the Development has occurred; and

(c) The third installment of the Grant shall be paid not later than thirty (30) days after City's issuance, in compliance with its applicable building codes and development regulations, of a certificate of occupancy for the Development.

3.2 Grant Limitations. Under no circumstances shall the obligations of EIC hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, EIC shall not be obligated to pay any commercial bank, lender, or similar institution for any loan or credit agreement made by Company. None of the obligations of EIC under this Agreement may be pledged or otherwise encumbered by Company in favor of any commercial lender and/or similar financial institution.

3.3 Current Revenue. The Grant will be paid solely from lawfully available funds that have been appropriated by EIC. EIC shall have no obligation or liability to pay any installment of the Grant except as allowed by law. EIC shall not be required to pay any installment of the Grant if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

3.4 Grant Limited to "Costs". Payments made by EIC to Company from 4B

Sales Taxes will be limited to the payments of “costs” as defined by the Act and as specified above for the Project; provided, however, for purposes of this Agreement, “costs” do not include funds spent by Company relating to the purchase of the Land or interest or other fees paid by Company related to borrowing funds for the purpose of paying for the Project or the Development.

3.5 Reservation of Capacity. Capacity in the Wastewater System will be allocated as follows between City and Company:

(a) Upon acceptance of the Wastewater System by City, Company may immediately use 80% of the capacity of the Wastewater System to provide sanitary sewer service to City’s sanitary sewer customers within the Land, whether existing on the Effective Date or who connects to the Wastewater System thereafter.

(b) Commencing on the fifth (5th) anniversary of City’s acceptance of Wastewater System, City shall have the right to increase City’s capacity in the Wastewater System for City’s wastewater customers other than those located within the Land, up to a capacity equal to the lesser of: (i) 60% of the capacity of the Wastewater System or (ii) the capacity in the Wastewater System not being used by wastewater customers located on the Land; provided in no case shall City’s capacity in the Wastewater System for wastewater customers not located on the Land be less than 20%, unless otherwise as agreed to in writing by the parties.

(c) Commencing on the tenth (10th) anniversary of City’s acceptance of the Wastewater System, City shall have the right to use any and all remaining capacity of the Wastewater System for wastewater customers not located on the Land that is not being used as of said date by wastewater customers located on the Land.

Article IV

Conditions to the Economic Development Grant

4.1 Generally. The obligation of EIC to provide the Grant and the right of Company to retain the Grant without an obligation to repay all or any portion of the Grant to EIC shall be conditioned upon continued compliance with, and satisfaction of, each of the terms and conditions of this Agreement by Company and specifically, each of the conditions set forth in this Article IV.

4.2 Good Standing. Company shall not have incurred a breach or default of this Agreement or any Related Agreement beyond any applicable notice and cure period.

4.3 Development Regulations. Prior to and following annexation of the Land, Company shall comply with all applicable development regulations of the City,

to include building codes, subdivision regulations, and zoning, in its development and construction of the Development. In addition, Company shall cause to be developed a traffic impact analysis for any proposed or future impact from vehicle use or access to or from the Land and mitigate any impact as required by the study, Texas Department of Transportation, and/or City irrespective of vesting rights. Company shall engage a firm or professional to conduct the study that is licensed to do so by the state. Company's failure to comply with this provision constitutes a breach of this Agreement should Company, following notice from City, fail to fully comply.

4.4 Required Use. Commencing on the Completion of Construction of the Development and continuing thereafter until the termination of this Agreement, the Development shall not be used for any purpose other than the Required Use, and the operation and occupancy of the Development in conformance with the Required Use shall not cease for more than six (6) months, except in connection with and to the extent of an event of Force Majeure.

4.5 Commencement and Completion of Construction. Subject to events of Force Majeure, Commencement of Construction of the Development shall commence not later than April 24, 2020. Subject to events of Force Majeure, Completion of Construction of the Development shall occur not later than April 24, 2023. If Commencement of Construction or Completion of Construction of the Development does not occur prior to the foregoing dates, Company shall immediately following written demand return to EIC the first and second installments of the Grant Revenue in the amount of Five Hundred Sixty-six Thousand Six Hundred and Sixty-Six and No/100 dollars (\$566,666.00).

4.6 River Trail Easements and Parkland Dedication. In conjunction with the platting of the Land, Company shall convey to City:

- a. A twenty foot (20.0') wide easement in an agreed upon location adjacent to the Guadalupe River across the entire width of the Land for the possible future extension of the City's River Trail.
- b. Via deed, 1.5 acres of parkland in an agreed upon location adjacent to the River Trail easement for public use as a City park and River Trail trailhead facility.

These conveyances will be in accordance with the City's Parkland Dedication Ordinance ("Ordinance"), and the acreage conveyed in the easement and deed shall apply to its requirements. Company will satisfy any additional parkland dedication required by the Ordinance by cash deposit. Company agrees to work with City to consider creating additional public open space, including a shared parking agreement.

4.7 Records. Company shall keep and maintain complete and accurate records relating to its costs of designing and constructing the Project for three (3)

years following the termination of this Agreement. EIC and its representatives shall be entitled to inspect Company's records during the term of this Agreement and for three (3) years thereafter, upon reasonable notice at Company's offices at the address identified in Section 10.4, below.

Article V

Sale of Project, Merger or Consolidation of Company

5.1 Sale of Company Assets. A sale of all or any of the assets of Company shall not release Company from its duties and responsibilities to EIC under the terms of this Agreement and shall not result in the assignment of this Agreement by such acquiring entity without prior written consent from EIC, which will not be unreasonably withheld; provided, that Company's proposed successor shall have the financial condition to fully satisfy Company's duties and responsibilities hereunder and agrees to assume Company's responsibilities under this Agreement. EIC may, in its sole discretion, reasonably determine whether such proposed successor's financial condition is satisfactory.

5.2 Merger. In the event of any proposed merger or other consolidation of Company with any third party not affiliated with Company, not later than thirty (30) days prior to any such merger or consolidation, Company shall provide EIC with information and assurance reasonably acceptable to EIC regarding: (i) the surviving entity's assumption and satisfaction of the Company's obligations hereunder; and (ii) the financial condition of the surviving entity upon such merger or other consolidation to demonstrate that the surviving entity shall have the financial condition to fully satisfy Company's duties and responsibilities under this Agreement.

5.3 EIC Rights. Notwithstanding anything in this Agreement to the contrary, it is expressly understood and agreed that EIC shall have no rights to approve or disapprove any sale or merger transaction of any kind involving Company. In the event of any sale or merger involving Company or its affiliates, the surviving entity shall assume Company's obligations and rights hereunder and be entitled to any and all benefits to be received pursuant to this Agreement.

Article VI

Company's Representations and Warranties

Company represents and warrants as of the date hereof:

(a) Company is a Texas corporation existing in good standing and authorized to do business in the State of Texas;

(b) Execution of this Agreement has been duly authorized by Company and this Agreement is not in contravention of Company's corporate charter, or any agreement or instrument to which Company is a party or by which it may be bound as of the date hereof;

(c) No litigation or governmental proceeding is pending, or, to the knowledge of Company, threatened against or affecting Company, which may result in a material adverse change in Company's business, properties, or operations sufficient to jeopardize Company's legal existence or for-profit viability; and

(d) No written application, written statement, or correspondence submitted by Company to EIC in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of Company, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading.

(e) Except as expressly set forth in this Article VI, Company makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

Article VII

EIC'S Representations and Warranties

EIC represents and warrants as of the date hereof:

(a) EIC, to the best of the knowledge of its Board of Directors, is legally authorized to enter into this Agreement by virtue of the statute under which it is governed and by the authorities and powers vested in it as a corporation duly and properly organized under the Act;

(b) Execution of this Agreement has been duly authorized by EIC;

(c) No litigation or governmental proceeding is pending, or, to the knowledge of any of EIC's officers, threatened against or affecting EIC, which may result in EIC's inability to meet its obligations under this Agreement; and

(d) EIC has no reasonable basis for believing that it has or will have incurred debts beyond its ability to pay as such debts mature, including but not limited to the obligations set forth in this Agreement.

(e) Except as expressly set forth in this Article VII, EIC makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

Article VIII

Conditions Under Which EIC May Suspend Performance of Its Obligations Under This Agreement

EIC may, at its sole option and after fifteen (15) days written notice to Company, suspend EIC's performance under this Agreement until such time as

Company shall have cured the condition(s) and so notified EIC, in writing, that the condition(s) have been cured:

- (a) Company becomes insolvent;
- (b) The appointment of a receiver of Company, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter;
- (c) The adjudication of Company as bankrupt;
- (d) The filing by Company of a petition to be adjudged as bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding; or

Should any of the foregoing conditions not be cured by Company within ninety (90) days after the onset of the condition, Company will be considered to have breached this Agreement and EIC may, at its option, with written notice to Company, terminate this Agreement and Company shall be obligated to refund the Grant to EIC.

Article IX Remedies

9.1 Notice and Opportunity to Cure. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, by any Party, or any successor to such Party, such defaulting or breaching Party (or successor) shall upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, within sixty (60) days after receipt of such notice. In the event that remedial action is not taken or not diligently pursued and the default or breach shall not be cured or remedied within a reasonable time (but in no event later than ninety (90) days from the date of notification of such breach), the aggrieved Party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including but not limited to, seeking specific performance and/or injunctive relief, enforcement by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the project in accordance with this Agreement, as required by the Act. This provision and specifically the notice and time to cure shall not apply to the obligation of Company found within Article IV.

9.2 Termination. Upon breach of this Agreement by either Party and the failure to cure as permitted by Section 9.1, the non-breaching Party shall have the sole right and discretion to either terminate this Agreement and/or pursue any and all remedies which may be provided by law and this Agreement. Each Party

acknowledges and agrees that no Party hereunder shall be entitled to recover any amounts in excess of the Grant contracted for under this Agreement.

9.3 Delay Not Waiver. Any delay by any Party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not, so long as the breach or default by another Party shall be continuing, operate as a waiver of such rights or to deprive it of or limit such rights in any way; nor shall any waiver in fact be made by any party with respect to any specific default by any other party except to the extent specifically waived in writing.

Article X General Provisions

10.1 Severability. The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

10.2 Amendment. This Agreement may be amended only by written amendment signed by both Parties.

10.3 Venue. All payments made pursuant to this Agreement and other obligations performed under this Agreement shall be made or performed in Kerrville, Kerr County, Texas. Venue shall lie in a state court of competent jurisdiction in Kerr County, Texas; and this Agreement shall be governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.

10.4 Notices. All notices given with respect to this Agreement shall be in writing and shall be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For Company
Granger MacDonald, CEO
Thompson Drive Partners, LLC
2951 Fall Creek Road

Kerrville, Texas 78028

For EIC

President

City of Kerrville, Texas, Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

For City

City Manager

City of Kerrville
701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

10.5 Assignment. This Agreement is binding upon the Parties and their successors and assigns. Except as set forth in Article V, this Agreement may not be assigned by either Party without the specific prior written consent of the other, which consent will not be unreasonably withheld. In the event that a Party consents to any valid assignment of this Agreement by the other Party, the assigning Party shall be relieved of any and all obligations and liabilities on the part of such assigning Party under this Agreement. Company may, without written consent of EIC, assign this Agreement to any entity controlled and 100% owned by Company or by the parent, subsidiary, or affiliate of Company provided the entity assumes all of Company's obligations and liabilities under this Agreement; agrees to comply with all provisions of this Agreement; has the legal, managerial, technical, and financial ability to properly perform and discharge such obligations and liabilities; and such abilities are each at least as great as those of Company and Company provides a written guarantee of such assignee's performance in a form reasonably acceptable to EIC. EIC shall be advised in writing of such assignment and of the entity's qualifications at least sixty (60) days before such assignment occurs.

10.6 Parties In Interest. Nothing in this Agreement shall entitle any party other than Company or EIC to any claim, cause of action, remedy, or right of any kind except as expressly provided in Article IX.

10.7 Interpretation. Each Party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the Parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any Party.

10.8 No Joint Venture. Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties.

10.9 Survival of Terms. All rights, duties, liabilities, and obligations accrued prior to termination shall survive termination.

10.10 Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof.

10.11 Recitals. The recitals to this Agreement are incorporated herein.

10.12 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

10.13 Employment of Undocumented Workers. During the term of this Agreement, Company agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a (f), Company shall repay the Grants and any other funds received by Company from EIC as of the date of such violation within one hundred twenty (120) days after the date Company is notified by EIC of such violation, plus interest at the rate of four percent (4%) compounded annually from the date of violation until paid. Company is not liable for a violation of this section in relation to any workers employed by a subsidiary, Affiliate, contractor, subcontractor, or franchisee of Company or any other Person other than Company.

(signatures begin on following page(s))

SIGNED AND AGREED on this _____ day of _____, 2018.

THOMPSON DRIVE PARTNERS, LLC

BY: _____
GRANGER MACDONALD, _____

SIGNED AND AGREED on this _____ day of _____, 2018.

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION

BY: _____
Kenneth Early, President

ATTEST:

BY: _____
Cheryl Brown, Recording Secretary

APPROVED AS TO FORM:

BY: _____
Michael C. Hayes, Attorney for EIC

SIGNED AND AGREED on this _____ day of _____,
2018.

CITY OF KERRVILLE

BY: _____
Mark McDaniel, City Manager

ATTEST:

BY: _____
Brenda Craig, City Secretary

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EXHIBIT A

LAND

EXHIBIT B

GENERAL DESCRIPTION OF PARKLAND DEDICATION

Agenda Item:

4A. Appoint Amy Dozier as Corporation Treasurer. (staff)

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

SUBJECT: Appoint Amy Dozier as Treasurer for the Kerrville Economic Improvement Corporation

AGENDA DATE: April 16, 2018

DATE SUBMITTED: April 13, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES:

EXHIBITS: None

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR: N/A

SUMMARY STATEMENT

Pursuant to the Administrative Services Contract between the City of Kerrville, Texas Economic Improvement Corporation (EIC) and the City of Kerrville, Texas, City staff serve in the capacity of Treasurer and Secretary for the EIC. Sandra Yarbrough, who recently retired as Finance Director for the City, formerly served as the Treasurer for the EIC. Amy Dozier, who was formerly the Assistant Finance Director, has now been promoted to the position of Finance Director for the City. Per the Bylaws, the EIC needs to formerly appoint Mrs. Dozier to the EIC Treasurer role.

RECOMMENDED ACTION

Appoint Amy Dozier as Treasurer for the EIC.

Agenda Item:

4B. Funding application from the City of Kerrville for \$2,000,000 in financial assistance for public infrastructure from the Kerrville Economic Improvement Corporation for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes. (staff)

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

SUBJECT: Funding application from the City of Kerrville for \$2,000,000 in financial assistance for public infrastructure from the Kerrville Economic Improvement Corporation for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes.

AGENDA DATE: April 16, 2018

DATE SUBMITTED: April 13, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES:

EXHIBITS: None

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$2,000,000	\$Pending	\$200,000	40-4000-9375

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR: N/A

SUMMARY STATEMENT

The City of Kerrville is currently in the process of designing and engineering a major overhaul and capacity expansion to the Legion Lift Station, which is a key component to providing wastewater service to a major corridor of the City.

The City is currently evaluating debt-financing a large portion of the Legion Lift Station project, supported via revenues to the Water and Sewer Fund. However, because this lift station is not simply replacing existing infrastructure, but in fact enhancing the facility's capacity by over 50% for anticipated future economic development within that lift station basin, the City is making an application to the Economic Improvement Corporation (EIC) to provide funding support for the project.

For example, over the last few years there have been numerous development projects that have been negatively affected (or terminated) by the limited capacity of the current Legion Lift station. The most notable of these development are:

- New dormitories at Schreiner University
 - Schreiner University decided to install their own lift station and temporarily pump wastewater to another lift station basin where the City had capacity. This was a significant multi-hundred thousand dollar development cost for the University and is only temporary in nature.

- Workforce housing at Pinto Trail
 - 8.5 acres and 45 single family residential units
 - Delayed indefinitely due to development costs and timing on wastewater capacity enhancements
- Workforce housing at Clearwater Paseo
 - 10 acre multifamily residential and townhome development
 - Delayed indefinitely due to development costs and timing on wastewater capacity enhancements
- Workforce housing at Peterson Farm Road.
 - 240 multifamily housing units; 50 acres of commercial land use
 - Delayed indefinitely due to development costs and timing on wastewater capacity enhancements
- Spring Hills Suites by Marriott
 - 85+ room hotel on Spring/Water Street
 - 317 GPM sewer demand will assume all remaining lift station basin capacity if it continues to move forward with existing development plan

The scope of this project includes the design and construction of a proposed lift station and force main with an ultimate peak capacity of 6,250 GPM. The existing Legion Lift Station will be decommissioned and the existing wastewater lines will be rerouted to the proposed Legion Lift Station site. The proposed Legion Lift Station will convey wastewater to the City's water reclamation plant (WRP) headworks through a proposed 20-inch force main. The existing Legion Lift Station has a firm pumping capacity of 5.76 MGD. The Legion Lift Station basin has experienced significant growth over the past several years and it has been determined that the firm capacity of this lift station needs to be expanded to 9.0 MGD. Design is currently 60% completed and initial estimates indicate the project cost to be around \$9.85 million dollars.

As you may recall, the EIC originally programmed dollars into their approved FY2018 budget for the debt financing of a portion of this project for the next 20 years. The budget includes a payment of \$200,000 this year, and then \$400,000 in the ensuing years. City staff recommends a total support level of \$2,000,000 toward the project, with two cash installments (instead of EIC-supported debt financing) of \$1 million to occur over the next two fiscal years (FY 2019 and FY 2020). The City Council unanimously supported this application proposal at their March 27, 2018 City Council meeting.

RECOMMENDED ACTION

Review application and provide direction to staff on developing a Funding Agreement and setting a Public Hearing date.

Business Development ProjectsSubmittal Date: 03/27/18**ORGANIZATION**City of Kerrville, TX

Applicant Name

701 Main St. Kerrville TX 78028

Address

City

State

Zip

830.258.1500

Phone

Alt. Phone

Fax

www.kerrvilletx.gov

Website

PROJECT CONTACT

Contact Person Name

Title

Address

City

State

Zip

Phone

Alt. Phone

Fax

Email Address

Type of Business Structure: Corporation ☐ Partnership ☐ Sole Proprietorship ☐

Year Business Started: Year _____ Location _____

Current Employment: Permanent Full-Time _____ Permanent Part-Time _____

Average Production Wage _____

Full-Time Employees receive the following benefits:

Financial Information: Five Years Annual Financials Attached _____
Include: Statement of profit and loss; Balance sheet; Cash Flow
Statement; IRS reporting forms, Pro forma

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

Has the Company ever filed for bankruptcy protection under Chapter 7 or
Chapter 11 of the Bankruptcy Statutes? No ☐ Yes ☐ Details:

SECTION III - PROJECT INFORMATION

This application is for a:

- Business Development ☐
- Expansion of Existing Facility ☐ or
 - New Construction ☐
 - Other ()

Capital Improvements for Public Infrastructure

- Utilities ☒
- Roadways ☐
- Other ()

Quality of Life

- Community Event ☐
- Project ☐

The proposed improvements are to be located within the following taxing
district(s): City of Kerrville ☒ Kerr County ☒ Kerrville ISD ☒
Ingram ISD ☐ Center Point ISD ☐

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the
company (1) fully explaining the nature and scope of the project; (2) describing the
proposed site and existing improvements, if any; (3) describing all proposed

improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A - Project Investment in Improvements

Total	\$ 9,850,000
Sq. Footage of New Building (s)	
Size of Parking	
Other	

Part B - Project Investment in Fixed Equipment

(New)\$ _____
Manufacturer of Equipment _____
Anticipated Useful Life of Equipment _____
Purchase Price \$ _____ Installation Cost \$ _____
Anticipated Delivery time from Date of Order _____

Part C - Permanent Employment Estimates- (do not include owners, stockholders or their dependents)

Anticipated Number of New Full-Time Employees as a result of this project _____
Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles _____

Anticipated starting salaries of these employees: (avg.) \$ _____/hour

Part D - Permanent Part-Time Employment Estimates- (do not include owners, stockholders or their dependents)

Anticipated Number of New Part-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____

Typical Job Descriptions or Job Titles of these employees: _____

Anticipated starting salaries of these employees: (avg.) \$ _____ / hour

Part E - Payroll Impact

Within 12 months of Project Completion _____ Within 24 months of Project Completion _____

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks

\$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI - OTHER ASSISTANCE

Has the Company applied for any State or Federal assistance on this project?

No ☐ Yes ☒

Describe:

City will be seeking low-interest loans from the Texas Water Development Board for a portion of the financing of this project.

To the best of my knowledge, the above information is an accurate description of the proposed project details.

Stuart Barron

Printed name

March 23, 2018

Date

Public Works Director

Title

Signature

Agenda Item:

4C. Funding Application from Collett Properties for \$500,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16. (staff)

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

SUBJECT: Funding Application from Collett Properties for \$500,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16.

AGENDA DATE: April 16, 2018

DATE SUBMITTED: April 13, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES:

EXHIBITS: Funding Application

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$500,000	\$0	\$500,000	N/A

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR: N/A

SUMMARY STATEMENT

Collett Properties has recently approached the Kerrville Economic Development Corporation (KEDC) and City of Kerrville (City) regarding the demolition of the existing Econolodge facility located at the intersection of Loop 534 and Hwy 16 in order to potentially redevelop the site.

The developer has made inquiries regarding the EIC's Commercial Improvement Program and other EIC funding possibilities to assist with the significant demolition and site remediation/preparation costs associated with redevelopment of the project location. The developer has submitted a funding application with an initial request of \$500,000 for assistance with demolition, infrastructure improvements for better access to Loop 534, and design/engineering/permit fees.

RECOMMENDED ACTION

Review application and provide direction to staff on developing a Funding Agreement and setting a Public Hearing date.



APPLICATION FOR 4B SALES TAX FUNDS

CITY OF KERRVILLE ECONOMIC IMPROVEMENT CORPORATION

Commercial Improvement Program Application

Both the Economic Improvement Corporation Board of Directors (EIC) and the Kerrville City Council must approve all expenditures of 4B funding. Before a project may be considered and awarded any funds, the attached application must be completed and submitted to:

City of Kerrville Economic Improvement Corporation
800 Junction Hwy.
Kerrville, Texas 78028
830.257.8000

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B. The EIC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a city-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and/or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

APPLICATION

SECTION I - APPLICANT INFORMATION

Submittal Date: March 12, 2018

Company Information

Company Name/Organization:

Collett Properties, Inc. or to-be-formed affiliate

Address (City/State): 1111 Metropolitan Avenue, Suite 700

Charlotte, NC 28204 Attn: Mike Robbe

Telephone: 704-206-8333 E-mail: mrobbe@collettre.com

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, or if; (3) the project is a demolition provide a description of the project .

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

Estimated cost of the project: \$ 500,000.00

Amount of 'sweat equity' hours at \$15.00 per hour _____

State date December 1, 2018

Grant requires completion in 90 days from the approval date. Project can be started as soon as application is made but there is no guarantee it will be approved.

Current use of the property and/or proposed use current = Hotel / proposed = retail
Property zoned for commercial development

Plan to purchase materials locally and use local labor. Yes X No _____

I understand the grant will be funded as a reimbursement after the project is completed and will be based on a percentage of the actual cost, which is 40% of demolition projects or 20% of renovation projects.

The above information is true and correct to the best of my knowledge.

Michael E. Robbe
Printed name

3/12/18
Date

Michael E. Robbe
Signature

For additional information visit the City's website at www.kerrvilletx.gov or call 830.792.8343.



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CHARLOTTE, NC 28204
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CHARLOTTE, NC 28236-6799
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March 12, 2018

City of Kerrville Economic Improvement Corporation
800 Junction Hwy.
Kerrville, TX 78028

**RE: Redevelopment of Econolodge Hotel
 Sidney Baker Street, Kerrville TX**

To Whom It May Concern:

The following summary of our proposed redevelopment of the Econolodge site on Sidney Baker Street N in the City of Kerrville is intended to supplement our application for use of 4B sales tax funds related to this project.

As you are aware, the existing site is occupied by an aging Econolodge hotel. Collett's anticipated acquisition of the hotel site and adjacent vacant parcels contemplates the demolition of the existing hotel improvements and redevelopment of the site as a retail parcel – including a national retailer and a national restaurant. Collett anticipates the new retail development will lead to the hiring of +/-50 employees in the aggregate and the generation of an additional +/- \$10,000,000 in retail sales – all of which will be subject to applicable sales tax.

The request for 4B sales tax proceeds is necessary to cover the cost of the demolition of the existing hotel improvements (estimated to be \$250,000), certain infrastructure and site work improvements needed to provide access to the redeveloped retail site from the adjacent Veterans Highway as required by the retailers (estimated to be \$200,000) and related design/engineering/permit fees (estimated to be \$50,000). The sales tax generation and additional employment created by this redevelopment should provide more than sufficient 380 and 4B funds to support this request for \$500,000 in public funds. I think all parties can agree that the removal of the unsightly improvements at the front door of the City is a tremendous benefit to City and presents an upgraded image of the City to citizens and visitors traveling along Sidney Baker Street.

As currently contemplated, the demolition would commence on December 1, 2018 with an expected opening date for the retail tenants in late 2019.

If you have any questions with respect to Collett's application, please do not hesitate to contact me.

We look forward to hearing from you.

Sincerely,

Michael E. Robbe, Esq.
on behalf of Collett Properties, Inc.

cc: Mr. Robert Wright
 Mr. Brandon Harris