

**AGENDA FOR REGULAR MEETING**

**CITY OF KERRVILLE, TEXAS**

**ECONOMIC IMPROVEMENT CORPORATION**

**MONDAY, MAY 21, 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, MAY 21, 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. APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular meetings held on March 19, 2018 and April 16, 2018.

**3. MONTHLY REPORTS:**

3A. Monthly financials for April 2018. (staff)

3B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

**4. PUBLIC HEARING AND POSSIBLE ACTION:**

4A. Project Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville, Texas, for the upsizing of the Legion Lift Station. (staff)

**5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Designate the June EIC meeting as the Annual meeting. (staff)

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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 May 18, 2018, at 3:00 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

**6. 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:

6A. Funding agreement between the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville for 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; in an amount not to exceed \$2,000,000. (staff)

6B. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act, Section 551.087, discussion regarding commercial or financial information received from a business prospect(s) and/or to deliberate the offer of a financial or other incentive to a business prospect(s). (Sections 551.087, TX. Gov't Code) (staff)

**7. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION**

7A. Direction to staff regarding the development of a Funding Agreement and setting a Public Hearing to incentivize the site preparation and redevelopment of the Northeast Corner of Loop 534 and State Highway 16. (staff)

**8. ITEMS FOR FUTURE AGENDAS**

**9. ANNOUNCEMENTS**

**10. ADJOURNMENT.**

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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 May 18, 2018, at 3:00 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

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## **Agenda Item:**

2A. Approval of minutes for the regular meetings held on March 19, 2018 and April 16, 2018. (staff)

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**  
**REGULAR MEETING** **MARCH 19, 2018**

On Monday, March 19, 2018, 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. Early offered the invocation.

**Members Present:**

Kenneth Early, President  
George Baroody  
Mike Bosma  
Gary Cooper  
Kent McKinney  
Robert Naman

**Members Absent:**

Sheri Pattillo, Vice President

**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  
Amy Dozier, Assistant Finance Director  
Ashlea Boyle, Parks Department Director

**Visitors Present:**

Mr. Naman voiced his appreciation for City staff in their help since his appointment to the EIC.

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

**2. APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular meeting held on February 19, 2018, and the special meeting held on February 7, 2018.

Mr. Cooper moved to approve the minutes as presented. Mr. Bosma seconded, and the motion passed 6-0.

**3. MONTHLY REPORTS:**

3A. Monthly financials for February 2018. (staff)

Ms. Dozier reported a beginning balance of \$2,276,741; with \$361,186 revenue, and \$889,178 expenditures; leaving an ending cash balance on February 28, 2018 of \$1,748,749. She reviewed the capital projects status summary.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail:

The clearing was almost finished.

Reuse Distribution Lines:

32,000 linear feet of pipe were installed, with the area near the Loop 534 bridge slated to be installed next.

Tennis Center Improvements:

Design was scheduled to be reviewed mid-April.

**4. PUBLIC HEARING AND POSSIBLE ACTION:**

4A. Public hearing and funding agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville in an amount not to exceed \$100,000 for an aquatics feasibility study for the Olympic pool.

The public hearing was opened by Kenneth Early, President, at 4:15 p.m. Ashlea Boyle reviewed the details of the planned study.

The following people spoke:

- Peggy McKay spoke against the study.
- David Bartels spoke in favor of the study.
- Charlie McIlvain spoke in favor of the study
- Celeste Hamman spoke in favor of the study.

The public hearing was closed at 4:27 p.m.

Mr. Bosma moved to approve the aquatics feasibility study. Mr. Cooper seconded, and the motion passed 6-0.

**5. EXECUTIVE SESSION:**

Mr. Naman moved for the EIC to go into executive closed session under Sections 551.071 (consultation with attorney), and 551.087 (deliberation regarding real property) of Chapter 551 of the Texas Government Code; the motion was seconded by Mr. Bosma and passed 6-0 to discuss the following matters:

Sections 551.071, and 551.087:

5A. Grant application for funding of public infrastructure extension along Thompson Road related to a private development.

5B. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act.

At 4:33 p.m. the regular meeting recessed. EIC went into executive closed session at

4:33 p.m. At 5:26 p.m. the executive closed session recessed and council returned to open session at 5:26 p.m. No action was taken in executive session.

**6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:**

Mr. Cooper moved to direct staff to set a date for a public hearing regarding the development of a funding agreement for a public infrastructure extension along Thompson Road related to a private development. Mr. Bosma seconded, and the motion passed 5-1, with Mr. Early, Mr. McKinney, Mr. Bosma, Mr. Baroody, and Mr. Cooper voting in favor; and Mr. Naman voting against.

**7. ITEMS FOR FUTURE AGENDAS: None**

**8. ANNOUNCEMENTS: None**

**9. ADJOURNMENT**

Mr. Bosma moved to adjourn, Mr. McKinney seconded and the motion passed 6-0. Mr. Early adjourned the meeting at 5:33 p.m.

APPROVED: \_\_\_\_\_

\_\_\_\_\_  
Kenneth Early, President

ATTEST:

\_\_\_\_\_  
Cheryl Brown, Deputy City Secretary

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**  
**REGULAR MEETING**

**APRIL 16, 2018**

On Monday, April 16, 2018, 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. Ms. Pattillo offered the invocation.

**Members Present:**

Kenneth Early, President  
Sheri Pattillo, Vice President  
George Baroody  
Mike Bosma  
Gary Cooper  
Kent McKinney  
Robert Naman

**Members Absent:** None

**City Executive Staff Present:**

E.A. Hoppe, Deputy City Manager  
Mike Hayes, City Attorney  
Cheryl Brown, Deputy City Secretary

**Visitors Present:** No one spoke

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

**2. MONTHLY REPORTS:**

**2A. Monthly financials for March 2018.**

Mr. Hoppe reported a beginning balance of \$1,748,749; with \$249,676 revenue, and \$101,678 expenditures; leaving an ending cash balance on March 31, 2018 of \$1,896,747. He reviewed the capital projects status summary.

**2B. Projects update:**

Mr. Hoppe made the following reports:

**River Trail:**

Pouring of concrete was scheduled to begin soon, projected completion in August/September 2018.

**Reuse Distribution Lines:**

The connection over the river for water delivery was expected to be installed in May-June 2018.



Tennis Center Improvements:

An open house was scheduled at the Tennis Center for discussion with the tennis consultant.

**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.

The public hearing was opened by Kenneth Early, President, at 4:07 p.m. Mr. Hoppe reviewed the funding agreement.

The public hearing was closed at 4:27 p.m.

Mr. Baroody moved to delay discussion on this item until executive session. Mr. Cooper seconded, and the motion passed 7-0.

**4. CONSIDERATION AND POSSIBLE ACTION:**

4A. Appoint Amy Dozier as Corporation Treasurer.

Mr. Bosma moved to appoint Ms. Dozier as the Treasurer for the City of Kerrville, Texas Economic Improvement Corporation. Ms. Pattillo seconded, and the motion passed 7-0.

4B. Funding application from the City of Kerrville for \$2,000,000 in financial assistance for public infrastructure to the Kerrville Legion Wastewater Lift Station for economic development purposes

Mr. Hoppe made the presentation. He reviewed the grant application process for the Texas Water Development Board, and the details of the application.

Mr. Cooper moved to direct staff to draft a Funding Agreement to submit to the EIC at their next regular meeting. Mr. Baroody seconded, and the motion passed 7-0.

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.

Walt Koenig, KEDC Board Treasurer, and Kerrville Area Chamber of Commerce President and CEO, presented the application. He gave the EIC a presentation of the proposed demolition of the Econolodge, and the building of a retail business, and a national restaurant.

Mr. Baroody moved to discuss this item in Executive Session, under 551.087, and 551.071. Ms. Pattillo seconded, and the motion passed 7-0.

**5. EXECUTIVE SESSION:**

Mr. Bosma moved to go into Executive Session under Section 551.071 (consultation with attorney), and 551.087 (deliberation regarding real property) of the Texas Government Code. Mr. McKinney seconded, and the motion passed 7-0 to discuss the following matters:

Sections 551.071, and 551.087:

5A. Economic Development Grant Agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas.

5B. 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.

At 4:40 p.m. the regular meeting recessed. EIC went into executive closed session at 4:41 p.m. At 6:19 p.m. the executive closed session recessed and EIC returned to open session at 6:19 p.m. No action was taken in executive session.

**6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:**

Mr. Baroody moved to direct staff to begin negotiations toward for creating a Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and Collette Properties.

Mr. Cooper seconded, and the motion passed 7-0.

Mr. Baroody moved to direct staff to finalize the changes to the economic development grant agreement between Thompson Drive Partners, LLC, the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas as directed; and set a special meeting on April 23, 2018 at 2:00 p.m. to review the changes and possibly approve the agreement. Sherri Pattillo seconded, and the motion passed 7-0.

**7. ITEMS FOR FUTURE AGENDAS: None**

**8. ANNOUNCEMENTS: None**

**9. ADJOURNMENT**

Mr. Early adjourned the meeting at 6:22 p.m.

APPROVED: \_\_\_\_\_

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Kenneth Early, President

ATTEST:

\_\_\_\_\_  
Cheryl Brown, Deputy City Secretary

## **Agenda Item:**

3A. Monthly financials for April 2018. (staff)

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

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**SUBJECT:** EIC Financials ending April 30, 2018

**FOR AGENDA OF:** May 21, 2018      **DATE SUBMITTED:** May 18, 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:**

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OF FINANCE:**

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**SUMMARY STATEMENT**

The EIC operating fund received sales tax revenue of \$241,702 for April 2018, which is up 0.4% compared to same period in prior year. On a year to date basis, FY2018 sales tax is down 0.2% compared to FY2017. As discussed last month, we have seen 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. We anticipate that sales tax revenue will fall short of budget for the year. However, we have already received May's sales tax and it up 5.1% compared to May 2017. We will continue to monitor sales tax very closely.

Expenditures for the month included budgeted transfers for debt service and the administrative services fee. In addition, we moved funding commitments for the Tennis Center, downtown streetscape, reuse distribution, and housing projects to the EIC project fund.

The EIC project fund moved remaining funding commitments for the Tennis Center, downtown streetscape and reuse distribution lines to the appropriate capital projects funds. After the transfer, the EIC project fund contains funding for a housing project and ED set aside.

EIC's money is invested primarily in TexPool, the oldest and largest local government investment pool in Texas. TexPool's yield as of 5/16/2018 was 2.02%.

**RECOMMENDED ACTION**

Information purposes only. No action required.

**City of Kerrville  
Economic Improvement Corporation**

**Sales Tax Improvement Fund - Summary  
For the month ending April 30, 2018**

<b>Beginning Cash Balance</b>		<b>\$1,896,746</b>
Revenues		
Sales Tax	241,702	
Interest Income	8,458	
Total Revenues	<u>250,159</u>	
Expenditures		
Administrative Service Fee	8,333	
Legal Services	416	
Transfer Out for Tennis Center	375,000	
Transfer Out for Downtown Streetscape	100,000	
Transfer Out for Reuse Distribution Lines	750,000	
Transfer Out for Housing	62,500	
Transfer for Debt Service	93,345	
Total Expenditures	<u>1,389,594</u>	
Change in Net Position		<u>(1,139,435)</u>
<b>Ending Cash Balance</b>		<b><u><u>\$757,311</u></u></b>

**Capital Projects Fund - Summary  
For the month ending April 30, 2018**

<b>Beginning Cash Balance</b>		<b>\$ 3,450,000</b>
Revenues		
Transfer In for Tennis Center	375,000	
Transfer In for Streetscape	100,000	
Transfer In for Distribution Lines	750,000	
Transfer In for Housing	62,500	
Total Revenues	<u>1,287,500</u>	
Expenditures		
Transfer Out for Tennis Center	750,000	
Transfer Out for Downtown Streetscape	200,000	
Transfer Out for Reuse Distribution Lines	1,500,000	
Total Expenditures	<u>2,450,000</u>	
Change in Net Position		<u>(1,162,500)</u>
<b>Ending Cash Balance</b>		<b><u><u>\$ 2,287,500</u></u></b>

**Economic Improvement Corporation**  
**Sales Tax Improvement Fund - Revenue and Expenditure Detail**  
**For the month ending April 30, 2018**

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$2,272,941		\$2,272,941		
<b>REVENUES</b>					
Sales and Use Tax	3,376,206	241,702	1,920,348	56.9%	1,455,858
Interest Income	15,000	8,458	43,259	288.4%	(28,259)
Fox Tank Agreement Reimbursement	-	-	10,000		(10,000)
<b>TOTAL REVENUES</b>	<b>\$ 3,391,206</b>	<b>\$ 250,159</b>	<b>\$ 1,973,607</b>	<b>58.2%</b>	<b>\$ 1,417,599</b>
<b>EXPENDITURES</b>					
Administrative					
Office Supplies	\$ 500	\$ -	\$ 40	8.0%	\$ 460
Administrative Services Fee	100,000	8,333	58,333	58.3%	41,667
Legal Services	-	416	416		(416)
Kerr Economic Development Corp	140,000	-	140,000	100.0%	-
<b>Total Administrative</b>	<b>240,500</b>	<b>8,750</b>	<b>198,790</b>	<b>82.7%</b>	<b>41,710</b>
Category I - Business Development					
ED Set Aside	500,000	-	-	0.0%	500,000
<b>Total Category I</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>500,000</b>
Category II - Quality of Life					
Tennis Center	750,000	375,000	750,000	100.0%	-
Downtown Streetscape Enhancements	200,000	100,000	200,000	100.0%	-
Debt Service - Series 2011A (River Trail)	259,890	21,696	151,409	58.3%	108,481
Debt Service - Series 2012 (River Trail)	253,413	21,169	148,184	58.5%	105,229
Debt Service - Series 2015 (Sports Complex)	605,350	50,479	353,354	58.4%	251,996
<b>Total Category II</b>	<b>2,068,653</b>	<b>568,345</b>	<b>1,602,947</b>	<b>77.5%</b>	<b>465,706</b>
Category III - Public Infrastructure					
Housing	250,000	62,500	187,500	75.0%	62,500
Reuse Distribution Lines	1,500,000	750,000	1,500,000	100.0%	-
*Debt Service - Legion Lift Station	200,000	-	-	0.0%	200,000
<b>Total Category III</b>	<b>1,950,000</b>	<b>812,500</b>	<b>1,687,500</b>	<b>86.5%</b>	<b>262,500</b>
Contingency	-	-	-	0.0%	-
<b>TOTAL EXPENDITURES</b>	<b>4,759,153</b>	<b>1,389,594</b>	<b>3,489,237</b>	<b>73.3%</b>	<b>1,269,916</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,367,946)</b>	<b>\$ (1,139,435)</b>	<b>\$ (1,515,630)</b>		
<b>ENDING CASH BALANCE</b>	<b>Budget \$ 904,994</b>		<b>Actual \$757,311</b>		



### 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	250,002	241,702	0.38%	-3.32%
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	\$ 1,998,134	\$ 1,920,348	-0.21%	-3.89%

### Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 757,311	4/30/2018
75	EIC Projects Fund (capital projects fund)	2,287,500	4/30/2018
	<b>Total Cash and Investments</b>	<b>\$ 3,044,811</b>	<b>4/30/2018</b>

### Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	4/30/2018
Short Term Investment	EIC TexPool	3,034,811	4/30/2018
	<b>Total Cash and Investments</b>	<b>\$ 3,044,811</b>	<b>4/30/2018</b>

### 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	\$ 765,100	\$ 765,100	\$ -
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	787,500	-	787,500
2016-17	Tennis Center	1,500,000	1,500,000	1,500,000	-
2016-17	Distribution Lines	3,000,000	3,000,000	3,000,000	-
<b>TOTALS</b>		<b>\$ 7,265,100</b>	<b>\$ 7,652,600</b>	<b>\$ 5,365,100</b>	<b>\$ 2,287,500</b>

### 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	5,847,471	677,529
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	16,554,574	6,448,426
Tennis Center	1,500,000	1,500,000	-	-	-	-	15,399	1,484,601

## **Agenda Item:**

3B. 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:**

4A. Project Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville, Texas, for the upsizing of the Legion Lift Station. (staff)

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

**SUBJECT:** Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville for 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; in an amount not to exceed \$2,000,000.

**AGENDA DATE:** May 21, 2018

**DATE SUBMITTED:** May 18, 2018

**SUBMITTED BY:** E.A. Hoppe  
Deputy City Manager

**CLEARANCES:**

**EXHIBITS:** Funding Agreement

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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

**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) due to 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) head-works 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 sewer basin has experienced significant growth of the past several years and it has been determined the firm capacity of this lift station needs to be expanded to 9.0 MGD to accommodate future growth in this service area, particularly as it applies to "business enterprises," which the City believes will be the primary part of this growth. 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. On April 16<sup>th</sup>, City staff presented a Funding Application to the EIC for a total EIC 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 full \$2 million will be utilized for the project first, with the remaining balance that is yet to be fully determined being funded via City use of Texas Water Development Board (TWDB) financing. The City Council unanimously supported this application proposal at

their March 27, 2018 City Council meeting, and is anticipated to deliberate the Funding Application at their June 12<sup>th</sup> meeting.

**RECOMMENDED ACTION**

Conduct a Public Hearing and review and consider the Funding Agreement as presented.

**PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF  
KERRVILLE, TEXAS ECONOMIC IMPROVEMENT  
CORPORATION AND THE CITY OF KERRVILLE, TEXAS,  
FOR THE UPSIZING OF THE LEGION LIFT STATION**

**THIS PROJECT FUNDING AGREEMENT** (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2018, by and between the City of Kerrville, Texas Economic Improvement Corporation ("Corporation"), 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, hereafter referred to as "the Act"), acting by and through its President; and the City of Kerrville, Texas ("City"), a Texas home-rule municipality, acting by and through its City Manager. EIC and City are sometimes collectively referred to herein as "Parties" and individually as "Party".

**WITNESSETH:**

**WHEREAS**, pursuant to Chapter 505 of the Act, the EIC may undertake, or provide funding to City to undertake, projects which the EIC finds to be encompassed by the definition of "projects" as that word is defined in Chapters 501 and 505 of the Act; and

**WHEREAS**, EIC was formed to administer the sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects as defined by the Act, 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: (1) streets and roads, rail spurs, water and *sewer utilities*, electric utilities, or gas utilities, drainage, *site improvements, and related improvements*" as described in Section 501.103 of the Act (emphasis supplied); and

**WHEREAS**, City is currently in the process of overseeing the design and engineering for a major overhaul and capacity expansion to its Legion Lift Station (the "Project"), which is a crucial component for providing wastewater service to a significant area within the City; and

**WHEREAS**, the City's upsizing of the Legion Lift Station is a key part of the City's *Wastewater Improvement Study*, which was adopted by City Council in 2012, and is necessary for the City to continue to provide wastewater service to new or expanded business enterprises within the relevant service area; and

**WHEREAS**, City staff believes that potential new or expanded business enterprises to be developed within the service area includes the ongoing and continued expansion of Schreiner University, as well as the potential development of a new hotel and private housing developments; and

**WHEREAS**, City staff, in consultation with design and engineering consultants, estimates that the total cost of the Project will be \$10,000,000.00; and

**WHEREAS**, City is currently evaluating debt-financing a large portion of the Project cost, which will be supported by revenues to its Water and Sewer Fund; and

**WHEREAS**, because the Project is not simply replacing an existing lift station, but is also enhancing the facility's capacity by over 50% to address anticipated future development of business enterprises within the area it serves, the City, pursuant to action taken by the City Council, makes an application for funds from the EIC to contribute funding for the Project; and

**WHEREAS**, the City seeks grant funding from the EIC in the amount of \$2,000,000.00 over two fiscal years, for the City to use in bidding, awarding, managing, and constructing the Project; and

**WHEREAS**, the EIC finds that the Project as described generally above constitutes a "project" as defined by the Act; and

**WHEREAS**, finding that providing funds to contribute toward the development and construction of the Project is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, EIC has determined that this Agreement 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**, the EIC finds that it will be in the public interest to enter into this Agreement with City to provide sales tax revenues collected pursuant to the Act ("4B Revenues") to City for a portion of its costs related to the Project; and

**WHEREAS**, on May 21, 2018, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditure of 4B Revenues for the Project;

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

1. **"Project" Defined:** When used in this Agreement, the phrase "Project" means the project summary and cost itemization specified in **Exhibit A** attached hereto and included herein for all purposes. City will manage the funding it receives from EIC and the bidding and construction of the Project. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC.
2. **Agreement to Fund Portion of Project:** The EIC agrees to provide City an amount up to and not to exceed \$2,000,000.00 in 4B Revenues to be used for the

Project. City will use such funding at the outset of the Project. The EIC provides this funding in two equal installments of \$1,000,000.00, with the first installment to be made on or before December 31, 2018, and the 2<sup>nd</sup> installment to be made on or before October 31, 2019. Payments to be made by EIC to City are subject to the EIC's appropriation of funds for such payments in the budget year for which they are paid. Any payment made by EIC to City must be made solely from the annual budgeting and appropriations of EIC.

3. **Payments Authorized:** City is authorized to make payments for the herein described purposes directly funds allocated for Project #70-16004 in the General Capital projects Fund. The City shall limit transfers to the actual amount of the payment draws submitted by the professional firm related to the Project.
4. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 3, above, are limited to the payment of "costs" as defined in the Act.
5. **Project Timeline:** The City estimates that construction activities for the Project will begin on or before January 2019.
6. **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 will 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.
7. **Amendment:** This Agreement may be amended only by written amendment signed by the Parties.
8. **Notices:** All notices given with respect to this Agreement must be in writing and will 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 EIC  
President  
City of Kerrville, Texas, Economic Improvement Corporation  
City Hall, 701 Main Street  
Kerrville, Texas 78028

Facsimile: (830) 792-3850

For City

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

9. **Applicable Law:** This Agreement is governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement is proper only in Kerr County, Texas.
10. **Interpretation:** Each Party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement will 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.
11. **No Joint Venture:** Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between any or all of the Parties.
12. **Parties in Interest:** Nothing in this Agreement shall entitle any Party other than EIC or City to any claim, cause of action, remedy, or right of any term of this Agreement.
13. **Survival of Terms:** All rights, duties, liabilities, and obligations accrued prior to termination will survive termination.
14. **Entire Agreement:** This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof.

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

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC  
IMPROVEMENT CORPORATION

By: \_\_\_\_\_  
Mark McDaniel, City Manager

By: \_\_\_\_\_  
Kenneth Early, President




ATTEST:

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

\_\_\_\_\_  
Cheryl Brown, Secretary for the EIC

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Michael C. Hayes, City Attorney

## **Agenda Item:**

5A. Designate the June EIC meeting as the Annual meeting. (staff)

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

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**SUBJECT:** Designate the June EIC meeting as the Annual Meeting.

**AGENDA DATE:** May 21, 2018

**DATE SUBMITTED:** May 18, 2018

**SUBMITTED BY:** E.A. Hoppe  
Deputy City Manager

**CLEARANCES:** E.A. Hoppe  
Deputy City Manager

**EXHIBITS:** None

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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

**PAYMENT TO BE MADE TO:** N/A

**REVIEWED BY THE FINANCE DIRECTOR:** N/A

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**SUMMARY STATEMENT**

Pursuant to the Bylaws of the City of Kerrville, Texas Economic Improvement Corporation, Section 2.04, the annual meeting of the Board shall be held in June.

**RECOMMENDED ACTION**

Designate the June 18, 2018 as the EIC Annual Meeting.