

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, JULY 15, 2019 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, JULY 15, 2019, 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 EIC meeting held on June 17, 2019.

3. MONTHLY REPORTS:

3A. Projects update:

River Trail Extension to Schreiner University
Tennis Center Improvements
Aquatics Feasibility Study
Legion Lift Station
Reuse Distribution Lines
EconoLodge/Hobby Lobby
Thompson/Spur 98 Infrastructure Extension
Olympic Drive Extension
Downtown Streetscape

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Proposed Economic Improvement Corporation budget for Fiscal Year 2020.

4B. Kerr Economic Development Corporation (KEDC) monthly update and FY 2020 Budget request.

4C. Appointment of a sub-committee of EIC members to review potential Bylaw changes.

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. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act; 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). (Section 551.087, TX Government Code)

6. **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION**
7. **ITEMS FOR FUTURE AGENDAS**
8. **ANNOUNCEMENTS**
9. **ADJOURNMENT.**

Agenda Item:

2A. Approval of minutes for the regular EIC meeting held on June 17, 2019.

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

JUNE 17, 2019

On Monday, June 17, 2019, 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. Richards offered the invocation.

Members Present:

Kenneth Early, President
Kent McKinney, Vice President
Danny Almond
Don Barnett
Maggie Megee
Gregory Richards
Aaron Yates

Members Absent:

None

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Amy Dozier, Assistant Finance Director
Cheryl Brown, Deputy City Secretary

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

1. VISITORS/CITIZENS FORUM: None

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular EIC meeting held on May 20, 2019.

Mr. Barnett moved to approve the minutes with the stated correction. Mr. McKinney seconded the motion and the motion passed 7-0.

3. NOMINATE AND ELECT OFFICERS:

3A. Nominate and elect President, Vice President, Secretary and Treasurer.

Mr. Barnett moved to appoint Mr. Early for President, Mr. McKinney as Vice President, the City Secretary's Office as Secretary, and Ms. Dozier as Treasurer. Ms. Megee seconded, and the motion passed 7-0

4. APPOINTMENT OF EIC REPRESENTATIVE TO KERR ECONOMIC DEVELOPMENT CORPORATION:

4A. Nominate and approve EIC representative to the Kerr Economic Development Corporation (KEDC).

Ms. Megee moved to appoint Mr. Early as the EIC representative to KEDC. Mr. McKinney seconded, and the motion passed 7-0.

5. APPOINTMENT OF EIC REPRESENTATIVE TO THE “GO TEAM”:

5A. Nominate and approve EIC representative to the “GO Team”.

Mr. McKinney nominated Mr. Barnett. Ms. Megee seconded, and the motion passed 7-0.

6. MONTHLY REPORTS:

6A. Monthly financials for May 2019.

Ms. Dozier reported that the EIC operating fund received sales tax revenue of \$299,073 in May 2019, which was a 7.85% increase compared to May 2018. Year to date, sales tax is up 4.85%. The City's two largest sales tax categories, retail trade and food services, continue to show strong growth.

Interest income for the month was \$7,259. EIC's money is invested entirely in TexPool, which was earning 2.52% as of June 13, 2019. Rates continue to fall, but remain surprisingly strong, considering that 12 month, 2 year and 5 year treasury rates are below 2%. The investment is very liquid and can be used to fund projects at any time.

Expenditures for the month were \$326,702, which included budgeted transfers for debt service and the administrative service fee plus a \$219,020 transfer to the project fund.

During May, the Project Fund received the aforementioned \$219,020 transfer. As of May 31st, the project fund has an ending cash balance of \$3,536,152 and signed agreements for committed funding of \$3,650,000. The remaining \$113,848 needed to fully fund those commitments will be transferred to the project fund in June, assuming projected Sales Tax collections.

6B. Projects update:

Mr. Hoppe made the following reports:

River Trail Extension to Schreiner University

The advertisement for bids was published. If quality bids are received, staff anticipates a contract award in early August.

Reuse Distribution Lines

Forensic analysis is underway. Mr. Hoppe and Ms. Dozier plan to travel to Austin in June to secure \$1 million in TWDB Disaster Recovery Grant funding.

Tennis Center Improvements:

There were more rain delays, but the project was progressing.

Aquatics Feasibility Study:

The consultant was wrapping up the study, and the report will be brought back to the EIC as soon as it is completed.

Olympic Drive Extension:

Construction documents are being drafted. The project is anticipated to be bid in the early fall timeframe.

Downtown Streetscape:

Construction documents are in process. The project is anticipated to be bid in the early fall timeframe.

EconoLodge/Hobby Lobby

Work on the project continues. The slab was due to be poured next week, weather permitting. Anticipated store opening in Fall 2020.

Thompson/Spur 98 Infrastructure Extension

The developer has advertised for bids for the offsite infrastructure installation.

6C. Monthly update from Kerr Economic Development Corporation (KEDC).
Walt Koenig gave a report for KEDC.

7. CONSIDERATION AND POSSIBLE ACTION:

7A. Update and direction to City staff regarding Economic Improvement Corporation Budget for Fiscal Year 2020.

Ms. Dozier presented the draft of the Fiscal Year 2020 EIC budget. She responded to questions from EIC members. She stated she will bring the proposed budget back before the EIC in July for their approval.

8. PUBLIC HEARING AND POSSIBLE ACTION:

8A. Economic Development Agreement with Kerrville 4th on the River, Inc. for renovation of the Arcadia Theater, 717 Water Street, Kerrville, Texas.

Mr. Early opened the public hearing at 4:55 p.m.

Mr. Hoppe presented the proposed agreement. He responded to questions from the EIC members.

The following person spoke:

George Baroody

Mr. Early closed the public hearing at 5:05 p.m.

Mr. Richards moved for EIC to go into executive closed session to discuss this item under Section 551.071 (consultation with attorney) of Chapter 551 of the Texas Government Code. Mr. McKinney seconded, and the motion passed 7-0.

5. EXECUTIVE SESSION:

Open session closed at 5:07 p.m. Closed executive session convened at 5:07 p.m. to discuss the following:

Section 551.071:

5B. Economic Development Agreement with Kerrville 4th on the River, Inc. for renovation of the Arcadia Theater, 717 Water Street, Kerrville, Texas.

At 5:25 p.m., the executive closed session recessed and EIC returned to open session at 5:25 p.m. Mr. Early announced that no action was taken at executive session.

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Mr. Richards moved to direct staff to amend the Deed of Trust to give the EIC right of first refusal to acquire a tax lien, should that issue come up. Mr. McKinney seconded, and the motion passed 7-0.

Ms. Megee moved to approve the funding agreement. Mr. McKinney seconded, and the motion passed 7-0.

7. ITEMS FOR FUTURE AGENDAS: None

8. ANNOUNCEMENTS: None

9. ADJOURNMENT

Mr. Early adjourned the meeting at 5:26 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

City Secretary's Office

Agenda Item:

4A. Proposed Economic Improvement Corporation budget for Fiscal Year 2020.



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

SUBJECT: EIC Financial Discussion

AGENDA DATE OF: 7/12/2019

DATE SUBMITTED: 7/15/2019

SUBMITTED BY: Amy Dozier, CFO

EXHIBITS: Proposed FY2020 Budget
June 2019 Financial Reports

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
n/a	n/a	n/a	n/a

PAYMENT TO BE MADE TO: Click or tap here to enter text.

Kerrville 2050 Item?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
Key Priority Area	Choose an item.	
Guiding Principle	Choose an item.	
Action Item	N/A	

SUMMARY STATEMENT:

Cash flow projections show that after paying for all currently committed projects as well as administrative and debt service expenditures, EIC will have ending cash balance of \$2.2 million by September 30, 2020. Cash flow timing can be seen on the attached quarterly cash flow forecast.

The only FY2020 proposed budget number that has changed since the budget was presented at the June meeting is the request from KEDC. The request has been increased from \$180,000 to \$250,000. Representatives from KEDC will be available during the meeting for questions regarding their request.

We have continued to tweak the format of the monthly financial statements to improve clarity and readability. There has been confusion regarding 2 separate EIC funds and transfers between those funds. Accordingly, the 2 funds have been combined into one financial statement presentation for the month of June so there is no confusion about the total ending cash balance or commitments.

Sales tax continues to perform well. It was up 6.52% compared to June 2018 and is up 5.04% for the year. On June 30, 2019, EIC had a cash balance of \$3,705,801. In addition to debt service and administrative obligations, EIC has signed project commitments on June 30th for \$3,650,000 that we anticipate will be paid out over the next 12 months.

RECOMMENDED ACTION:

Approve the FY2020 budget with any changes recommended by the Board.

Economic Improvement Corporation
 Cash Flow Forecast
 June 30, 2019

	FY2019		FY2020			
	Jul 2019 to Jun-19 Sep 2019		Oct 2019 to Dec 2019	Jan 2020 to Mar 2020	Apr 2020 to Jun 2020	Jul 2020 to Sep 2020
	\$ 3,536,153	\$ 3,705,801	\$ 3,914,652	\$ 1,430,096	\$ 1,381,615	\$ 1,630,420
Beginning Cash Balance						
Revenue	312,330	930,730	872,337	939,577	920,198	990,889
Expenditures						
Administrative Expense						
Administrative Fee	15,000	45,500	46,750	46,250	46,250	46,250
KEDC	35,000	-	62,500	62,500	62,500	62,500
Total Administrative Expense	50,000	45,500	109,250	108,750	108,750	108,750
Debt Service	92,682	278,046	279,309	279,309	279,309	279,310
Project Expense						
Legion Lift Station	-	-	1,000,000	-	-	-
Thompson Drive Partners	-	283,333	283,333	-	283,333	-
Schreiner River Trail	-	-	750,000	-	-	-
Olympic Drive	-	115,000	935,000	-	-	-
KFOR - Arcadia	-	-	-	600,000	-	-
Total Project Expense	-	398,333	2,968,333	600,000	283,333	-
Total Expenditures	142,682	721,879	3,356,892	988,059	671,392	388,060
Ending Cash Balance	\$ 3,705,801	\$ 3,914,652	\$ 1,430,096	\$ 1,381,615	\$ 1,630,420	\$ 2,233,249

**City of Kerrville
Economic Improvement Corporation
FY2020 Draft Budget**

	FY19 Estimated	FY20 Draft Budget	FY21 Projected	FY22 Projected	FY23 Projected
BEGINNING CASH BALANCE	\$4,093,539	\$3,914,652	\$2,233,249	\$4,493,898	\$6,846,807
REVENUE					
Sales Tax	3,570,000	3,689,250	3,763,035	3,838,296	3,915,062
Interest and Miscellaneous	90,000	33,750	50,000	76,000	100,000
TOTAL REVENUE	3,660,000	3,723,000	3,813,035	3,914,296	4,015,062
EXPENDITURES					
Administrative					
Supplies and Miscellaneous	500	500	500	500	500
KEDC	140,000	250,000	250,000	250,000	250,000
Administrative Services Fee	180,000	185,000	190,000	195,000	200,000
Total Administrative	320,500	435,500	440,500	445,500	450,500
Debt Service					
Debt Service - Series 2011A (River Trail)	258,506	259,756	260,906	257,006	260,390
Debt Service - Series 2012 (River Trail)	250,330	251,630	247,830	254,030	249,030
Debt Service - Series 2015 (KSC)	603,350	605,850	603,150	604,850	602,825
Total Debt Service	1,112,186	1,117,236	1,111,886	1,115,886	1,112,245
Project Contributions					
Legion Lift Station	1,000,000	1,000,000	-	-	-
Olympic Drive	115,000	935,000			
Tennis Center	250,000	-	-	-	-
HL Kerr Agreement	375,000	-	-	-	-
Thompson Drive Agreement	283,333	566,667	-	-	-
River Trail to Schreiner University	750,000	750,000	-	-	-
Downtown Streetscape	(367,132)	-	-	-	-
KFOR - Arcadia	-	600,000	-	-	-
Total Project Contributions	2,406,201	3,851,667	-	-	-
TOTAL EXPENDITURES	3,838,887	5,404,403	1,552,386	1,561,386	1,562,745
NET REVENUE (EXPENDITURES)	(178,887)	(1,681,403)	2,260,649	2,352,909	2,452,317
ENDING CASH BALANCE	\$3,914,652	\$2,233,249	\$4,493,898	\$6,846,807	\$9,299,124

ECONOMIC IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
MONTH ENDED JUNE 30, 2019

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
REVENUES					
Sales and Use Tax	\$ 3,469,051	\$ 304,930	\$ 2,658,701	76.6%	\$ (810,350)
Interest Income	45,000	7,400	70,569	156.8%	25,569
TOTAL REVENUES	3,514,051	312,330	2,729,270	77.7%	(784,781)
EXPENDITURES					
Administrative					
Office Supplies	500	-	-	0.0%	500
Administrative Services Fee	180,000	15,000	135,000	75.0%	45,000
Kerr Economic Development Corp	140,000	35,000	140,000	100.0%	-
Total Administrative	320,500	50,000	275,000	85.8%	45,500
Debt Service					
Debt Service - Series 2011A (River Trail)	258,506	21,542	193,880	75.0%	64,626
Debt Service - Series 2012 (River Trail)	250,330	20,861	187,747	75.0%	62,583
Debt Service - Series 2015 (KSC)	603,350	50,279	452,513	75.0%	150,837
Total Debt Service	1,112,186	92,682	834,140	75.0%	278,046
Project Contribution					
Legion Lift Station	1,000,000	-	1,000,000	100.0%	-
Tennis Center	-	-	250,000		(250,000)
Schreiner - River Trail	-	-	750,000		(750,000)
HL Kerr	-	-	375,000		(375,000)
Downtown Streetscape	-	-	(367,132)		367,132
Unknown Projects (Set Aside)	800,000	-	-	0.0%	800,000
	1,800,000	-	2,007,868	111.5%	(207,868)
TOTAL EXPENDITURES	3,232,686	142,682	3,117,008	96.4%	115,678
CHANGE IN NET POSITION	\$ 281,365	\$ 169,648	\$ (387,738) *		

*This number shows an intentional drawdown of accumulated fund balance to fund projects in the current year.

Project Analysis as of June 30, 2019			
Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Committed Projects:			
Legion Lift Station	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000
Thompson Drive Partners	850,000	-	850,000
Schreiner River Trail	1,500,000	750,000	750,000
Olympic Drive	1,050,000	-	1,050,000
Committed Project Total	\$ 5,400,000	\$ 1,750,000	\$ 3,650,000

Note: KFOR - Arcadia agreement (\$600,000) signed in July 2019

Cash Analysis as of June 30, 2019		
by Type - Placement - Amount		
Type	Placement	Amount
Short Term Investment	EIC TexPool	\$ 3,705,801
	Total Cash and Investments	\$ 3,705,801

Sales Tax Revenue Analysis - FY2019						
Month	Actual FY2017	Actual FY2018	Budget FY2019	Actual FY2019	FY2018 vs. FY2019	Budget vs. Actual
October	\$ 264,806	\$ 277,430	\$ 279,029	\$ 284,752	2.64%	2.05%
November	278,707	278,698	280,305	276,717	-0.71%	-1.28%
December	260,757	252,047	253,500	295,154	17.10%	16.43%
January	273,741	273,590	275,167	271,314	-0.83%	-1.40%
February	357,098	354,753	356,798	376,154	6.03%	5.42%
March	248,560	242,127	243,523	266,024	9.87%	9.24%
April	240,783	241,702	243,095	284,581	17.74%	17.07%
May	308,696	324,560	326,431	299,073	-7.85%	-8.38%
June	261,944	286,255	287,905	304,930	6.52%	5.91%
July	282,792	306,165	307,930			
August	306,807	323,628	325,494			
September	275,901	288,215	289,876			
YTD Total	\$ 3,360,592	\$ 3,449,171	\$ 3,469,051	\$ 2,658,701	5.04%	4.44%