

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, OCTOBER 28, 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 September 16, 2019.

3. MONTHLY REPORTS:

3A. Monthly financials for September 2019.

3B. Projects update:

River Trail Extension to Schreiner University
Tennis Center Improvements
Aquatics Feasibility Study
Olympic Drive Infrastructure Extension
Downtown Streetscape/Parking Garage
Legion Lift Station
Aerial Pipe Bridge
EconoLodge/Hobby Lobby
Thompson/Spur 98 Infrastructure Extension
Arcadia

3C. Monthly update from Kerr Economic Development Corporation.

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 Kerrville-Kerr County Airport related to site, building, and infrastructure improvements for business enterprise activity.

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):

- EIC funding request by the City of Kerrville, TX regarding improvements to the Kerrville/Kerr County Airport at Louis Schreiner Field.
- EIC funding request by 2J-PAGE Development, LLC regarding a workforce housing development located along Meeker Rd.

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 services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I hereby certify that this agenda was posted as notice of the meeting on the bulletin board at the City Hall of the City of Kerrville, Texas, and on the City's website on the following date and time: October 25, 2019 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Kayla McInturff

Kayla McInturff, Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular EIC meeting held on September 16, 2019.

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING **SEPTEMBER 16, 2019**

On Monday, September 16, 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. Gregory Richards offered the invocation.

Members Present:

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

Members Absent:

Maggie Megee

City Executive Staff Present:

E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Amy Dozier, Finance Director
Kayla McInturff, 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 August 19, 2019.

Mr. Barnett moved to approve the minutes. Danny Almond seconded the motion and the motion passed 6-0.

3. **MONTHLY REPORTS**

3A. Monthly Financial Report.

Amy Dozier presented the monthly financial report.

- 3B. Projects update:
Mr. Hoppe made the following reports:

River Trail Extension to Schreiner University:

Kick-off with contractor has started with anticipated completion in early summer 2020.

Aerial Pipe Bridge:

Successful TWDB grant award of State Disaster Recovery Funds. Proceeding with engineering contract.

Tennis Center Improvements: Continuing to make progress.

Aquatics Feasibility Study: Reviewing operational costs related to proposed phasing plan.

Olympic Drive Extension:

Construction documents are being developed.

Downtown Streetscape:

Construction documents are being developed.

Legion Lift Station:

Project is on track to be wrapped up by first quarter of 2020.

EconoLodge/Hobby Lobby

Opening date in Q4 2019.

Thompson/Spur 98 Infrastructure Extension

Offsite water extension to the property is completed. Wastewater extension is in progress.

Arcadia Renovation: Construction documents are being developed, anticipated construction start in late October/November.

- 3C. Monthly update from Kerr Economic Development Corporation. (KEDC)
Gil Salinas and Walk Koenig presented KEDC update.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Economic Development Grant Agreement between Kerr Economic Development Corporation (KEDC) and the City of Kerrville, Texas Economic Improvement Corporation.

Mr. McKinney moved to approve contract. Gregory Richards seconded the motion and the motion passed 6-0.

4B. Presentation of an EIC funding request by the City of Kerrville, TX regarding improvements to the Kerrville/Kerr County Airport at Louis Schreiner Field. Jim Mans, Airport Board Member and Lead Director of Strategic Planning, presented report.

Mary Rohrer, Airport Manager, presented and discussion was had.

4C. Presentation of an EIC funding request by 2J-PAGE Development, LLC regarding a workforce housing development located along Meadowview Rd.

Mr. Hoppe introduced item. Joe Byers, Managing Partner with 2J-Page Entities, presented. Travis Page, President of TPAGE Construction, presented and discussion was had.

4D. Resolution creating a subcommittee of the City of Kerrville, Texas Economic Improvement Corporation to review the Bylaws of the corporation and recommend any amendments.

Discussion was had, no action was taken.

4E. Review and discuss upcoming EIC regular meeting dates.

Mr. Hoppe presented potential calendar conflicts.

October 2019

3rd Monday: October 21st (both City Manager Mark McDaniel and Deputy CM E.A. Hoppe will be at a professional training event).

NEW meeting date: October 28th

November 18th, 2019: (no change in meeting date)

December 16th, 2019: (no change in meeting date)

January 2020:

3rd Monday: January 20th (Kerrville City Hall is closed in observance of MLK Day)

NEW meeting date: January 13th

February 17th, 2020: (no change in meeting date)

March 16th, 2020: any conflicts due to KISD Spring Break to be discussed at a later date.

5. EXECUTIVE SESSION:

Mr. Barnett moved for EIC to go into executive closed session to discuss subject matter under Section 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code. Kent McKinney seconded, and the motion passed 6-0.

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)
At 5:26 p.m. the regular meeting recessed. EIC went to executive closed session at 5:26 p.m. At 6:04 p.m., the executive closed session recessed and EIC returned to open session at 6:04 p.m. No action was taken at executive session.

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Aaron Yates moved to direct staff to develop a Funding Agreement with City of Kerrville regarding improvements to the Kerrville/Kerr County Airport and set a Public Hearing on October 28. Danny Almond seconded the motion and the motion passed 6-0.

Aaron Yates moved to direct staff to create a term sheet and bring information requested in Executive Session regarding funding request by 2J-Page Development. Danny Almond seconded the motion and passed 6-0.

7. ITEMS FOR FUTURE AGENDAS:

None

8. ANNOUNCEMENTS:

None

9. ADJOURNMENT

Mr. Early adjourned the meeting at 6:05 pm.

APPROVED:

Kenneth Early, President

ATTEST:

Kayla McInturff, Deputy City Secretary

Agenda Item:

3A. Monthly Financial Report.



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

SUBJECT: Monthly Financial Report

AGENDA DATE OF: 10/28/2019

DATE SUBMITTED: 10/25/2019

SUBMITTED BY: Amy Dozier, CFO

EXHIBITS: September 2019 Financial Reports
Bond Refunding Presentation
James Avery Report
Fox Tank Report

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:

The FY2019 numbers will not be finalized until November, but at this point, sales tax for the year totals \$3.6M and is up 5.3% for FY2019 compared to FY2018. Additionally, sales tax revenue is \$163,403 better than budget, led by strong increases in food services, construction, information services and retail.

On the expense side, EIC made the first payment (\$156,000) for the Olympic Drive project in September in addition to paying recurring monthly charges for administrative services and debt service. For the year, expenditures were \$153,857 more than revenues. Expenditures exceeded revenues as EIC intentionally drew down fund balance accumulated in prior years for spending on projects in the current year.

Following this activity, EIC ended the year with a cash balance of \$3,921,214. Looking forward, EIC will make their final \$1,000,000 payment for Legion Lift Station in October. Projected cash balances in FY2020 continue to look healthy, with a low balance of \$1.4 million currently projected in the 2nd quarter of FY2020. Note that the cash flow forecast only includes projected distributions for signed agreements.

EIC's funds are invested in TexPool, a completely liquid municipal pool account that is currently earning 2.0475%.

On October 22nd, the City Council approved an ordinance authorizing a bond refunding for the 2011A Certificates of Obligation issued for River Trail. EIC pays the debt service on this issuance. A bond refunding is essentially a refinancing on the remaining \$2.435M principal balance. The repayment period of the new debt will be the same as the existing

debt (2031), but the interest rate will be lower. Current estimates are that the refinancing will save the City (and EIC) between \$74K and \$111K over the remaining life of the debt. Council approved a parameters ordinance that authorizes the Mayor, City Manager or CFO to move forward with the refunding at any point during a 6 month period if market conditions meet minimum levels of savings. If current interest rates would not produce a minimum amount of savings, the refunding will not occur. The refunding could close as early as December and would result in less debt service for EIC, primarily in FY2021 and FY2022. The bond refunding presentation presented to City Council last week is attached for your review.

Also attached are reports from James Avery and Fox Tank verifying that both companies are exceeding the employment requirements specified in their agreements with EIC.

RECOMMENDED ACTION:

Information only; no action required.

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

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
REVENUES					
Sales and Use Tax	\$ 3,469,051	\$ 325,707	\$ 3,632,454	104.7%	\$ 163,403
Interest Income	45,000	7,239	93,077	206.8%	48,077
TOTAL REVENUES	3,514,051	332,947	3,725,530	106.0%	211,479
EXPENDITURES					
Administrative					
Office Supplies	500	-	-	0.0%	500
Administrative Services Fee	180,000	15,000	180,000	100.0%	-
Kerr Economic Development Corp	140,000	-	140,000	100.0%	-
Total Administrative	320,500	15,000	320,000	99.8%	500
Debt Service					
Debt Service - Series 2011A (River Trail)	258,506	21,542	258,506	100.0%	-
Debt Service - Series 2012 (River Trail)	250,330	20,861	250,330	100.0%	-
Debt Service - Series 2015 (KSC)	603,350	50,279	603,350	100.0%	-
Total Debt Service	1,112,186	92,682	1,112,186	100.0%	-
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)
Thompson Drive Partners (The Landing)	-	-	283,333		(283,333)
Olympic Drive	-	156,000	156,000		(156,000)
Downtown Streetscape	-	-	(367,132)		367,132
Unknown Projects (Set Aside)	800,000	-	-	0.0%	800,000
	1,800,000	156,000	2,447,201	136.0%	(647,201)
TOTAL EXPENDITURES	3,232,686	263,682	3,879,387	120.0%	(646,701)
CHANGE IN NET POSITION	\$ 281,365	\$ 69,264	\$ (153,857) *		

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

Economic Improvement Corporation
Cash Flow Forecast
September 30, 2019

	FY2019	FY2020 Projected			
	Sep 2019	Oct 2019 to Dec 2019	Jan 2020 to Mar 2020	Apr 2020 to Jun 2020	Jul 2020 to Sep 2020
Beginning Cash Balance	\$ 3,870,418	\$ 3,921,214	\$ 1,477,658	\$ 1,429,177	\$ 1,677,982
Revenue		872,337	939,577	920,198	990,889
Total Revenue	332,947				
Less: Receivable	(18,469)				
Cash Received	314,478				
Expenditures					
Administrative Expense					
Administrative Fee	15,000	46,750	46,250	46,250	46,250
KEDC	-	62,500	62,500	62,500	62,500
Total Administrative Expense	15,000	109,250	108,750	108,750	108,750
Debt Service	92,682	279,309	279,309	279,309	279,310
Project Expense					
Legion Lift Station	-	1,000,000	-	-	-
Thompson Drive Partners	-	283,333	-	283,333	-
Schreiner River Trail	-	750,000	-	-	-
Olympic Drive	156,000	894,000	-	-	-
KFOR - Arcadia	-	-	600,000	-	-
Total Project Expense	156,000	2,927,333	600,000	283,333	-
Total Expenditures	263,682	3,315,892	988,059	671,392	388,060
Ending Cash Balance	\$ 3,921,214	\$ 1,477,658	\$ 1,429,177	\$ 1,677,982	\$ 2,280,811

Project Analysis as of September 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	283,333	566,667
Schreiner River Trail	1,500,000	750,000	750,000
Olympic Drive	1,050,000	156,000	894,000
KFOR - Arcadia	600,000	-	600,000
Committed Project Total	\$ 6,000,000	\$ 2,189,333	\$ 3,810,667

Cash Analysis as of September 30, 2019		
by Type - Placement - Amount		
Type	Placement	Amount
Short Term	EIC TexPool	\$ 3,921,214
Investment	Total Cash and Investments	\$ 3,921,214

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	315,626	3.09%	2.50%
August	306,807	323,628	325,494	332,420	2.72%	2.13%
September	275,901	288,215	289,876	325,707	13.01%	12.36%
YTD Total	\$ 3,360,592	\$ 3,449,171	\$ 3,469,051	\$ 3,632,454	5.31%	4.71%



Contacts

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Regional Managing Director

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Direct: 210.308.2200

Michael Martin

Analyst

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1201 Elm Street, Suite 3500

Dallas, Texas 75270

Direct: 214.859.1731

Proposed Refunding Opportunity: General Obligation Refunding Bonds, Series 2019



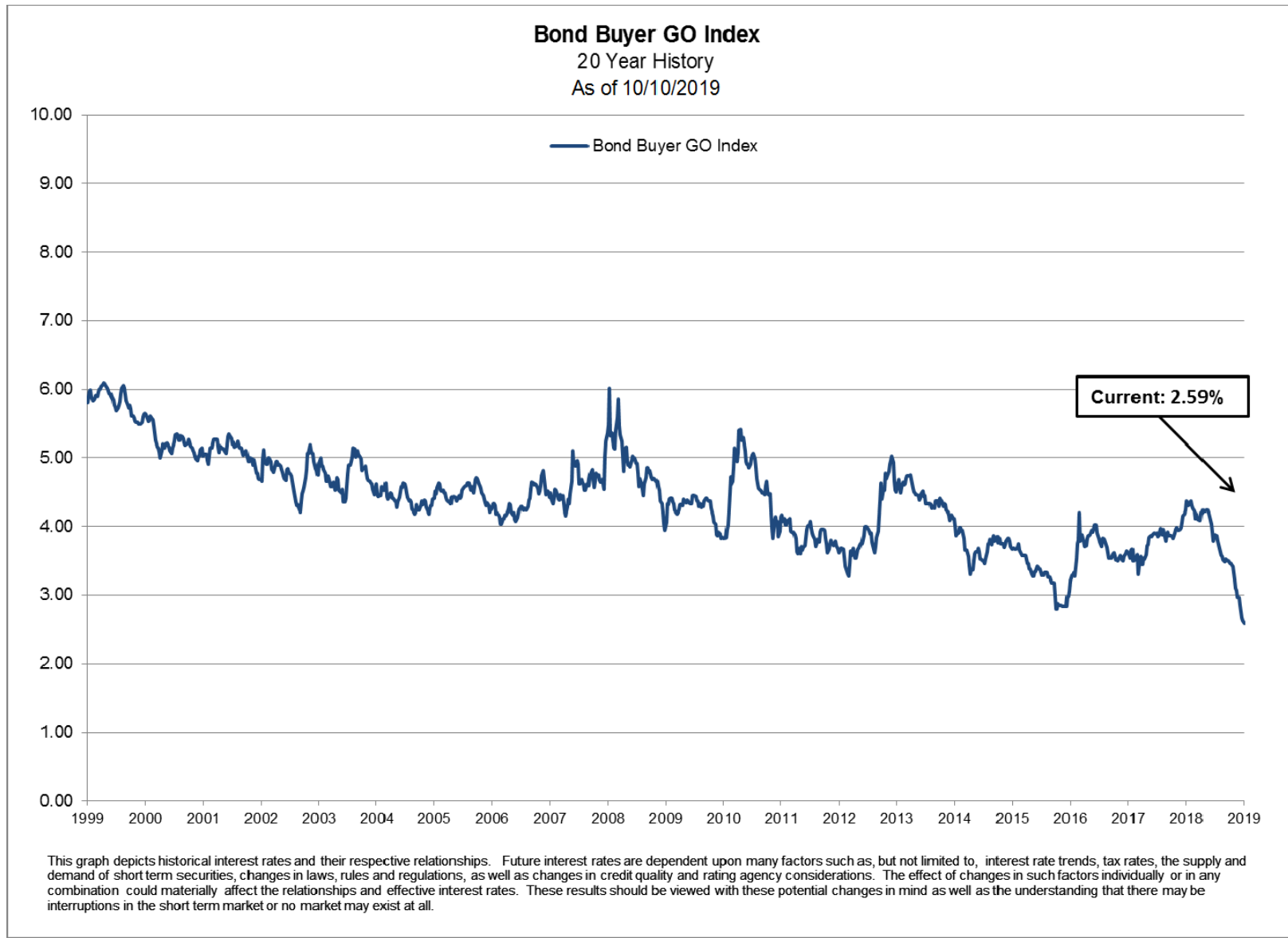
October 22, 2019

City of Kerrville, Texas

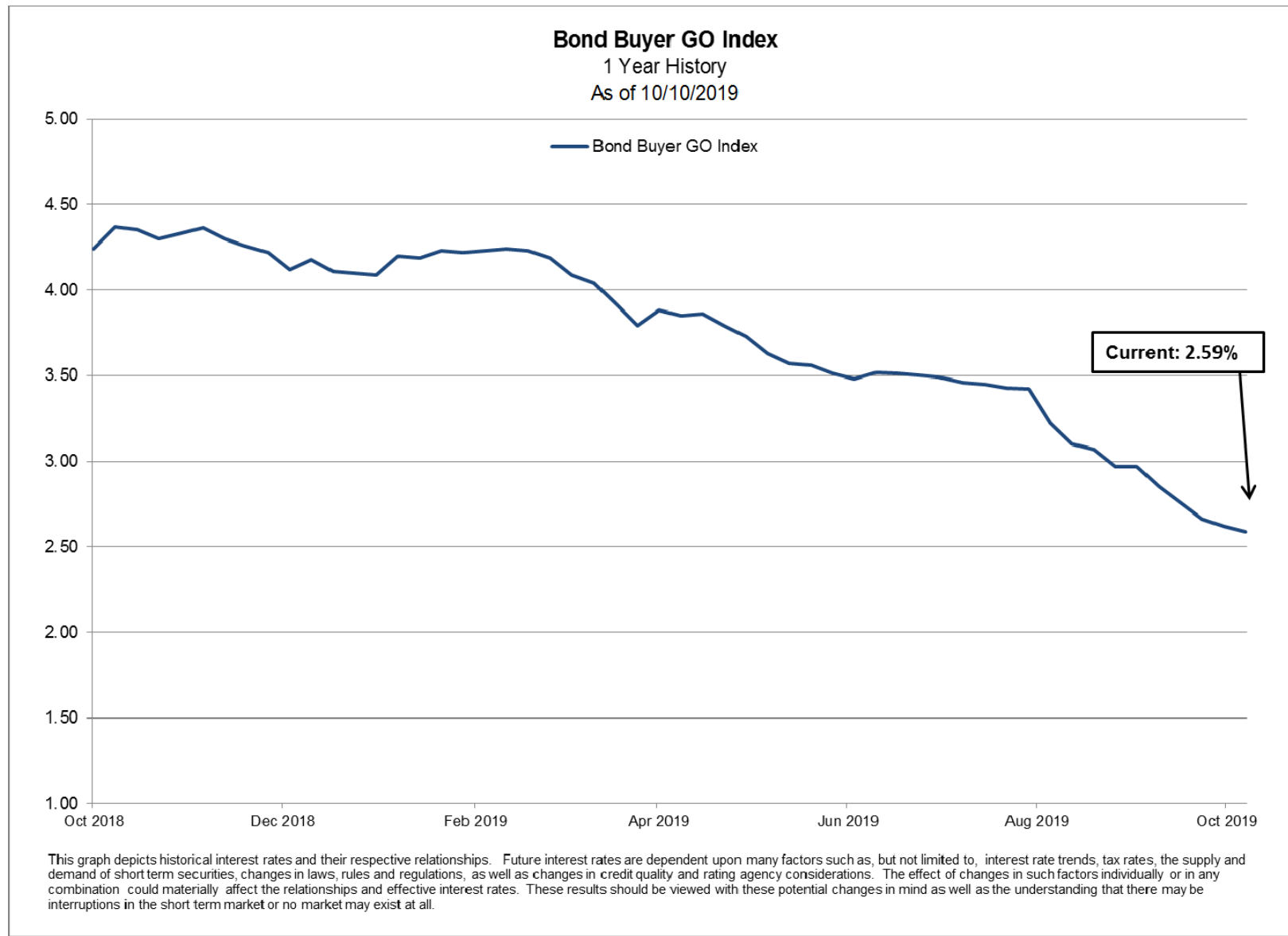
Market Update



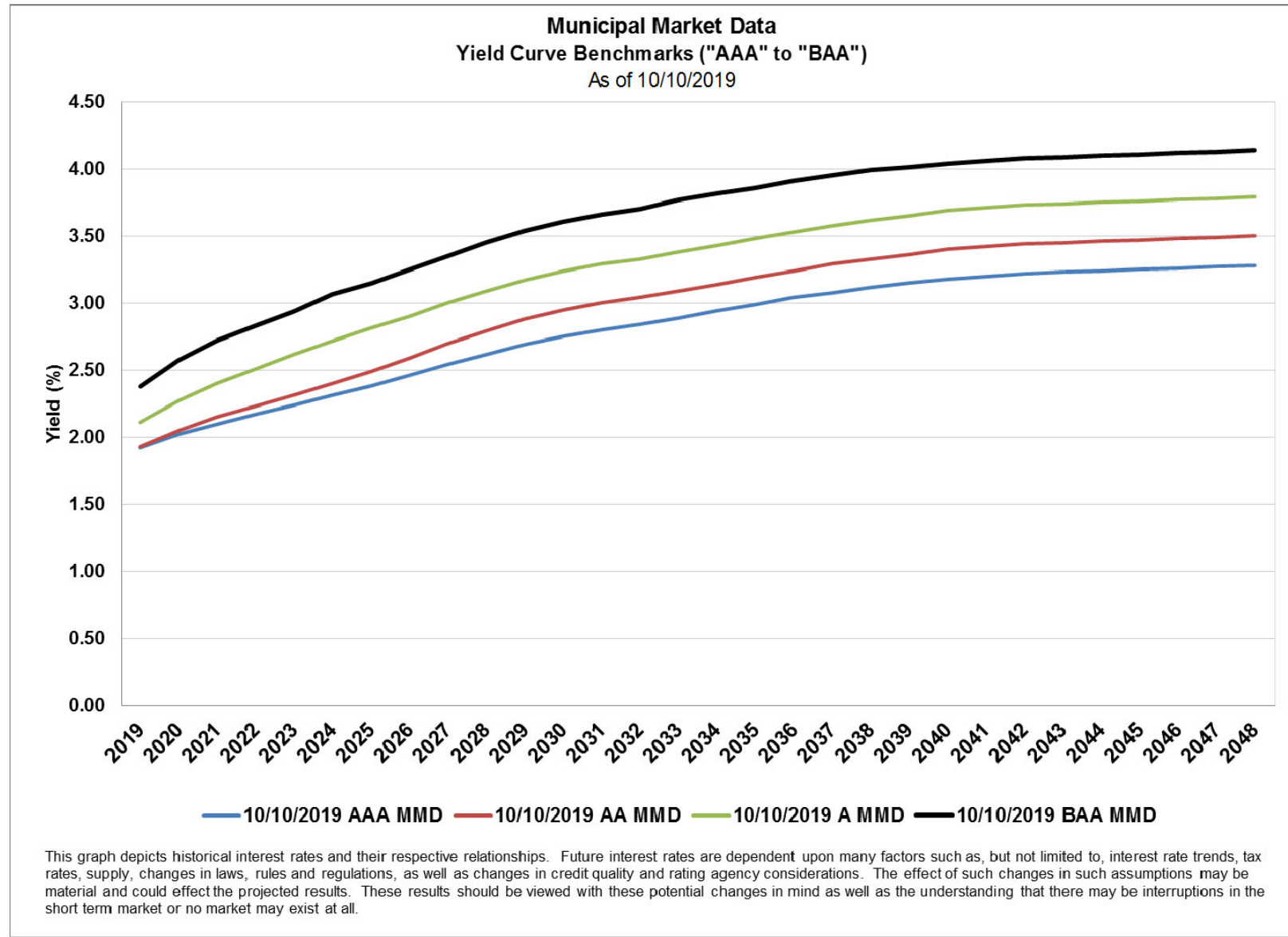
Bond Buyer's Index of 20 Municipal Bonds



Bond Buyer's Index of 20 Municipal Bonds



MMD Yield Curve



Bonds Soon to be Callable



Summary of Bonds Soon to be Callable

Combination Tax and Revenue Certificates of Obligation, Series 2011A

Original Principal Amount	\$3,500,000
Callable Principal	\$2,435,000
Callable Maturities	2021-2031
Coupons	2.00%-3.50%
Call Date	2/15/2020

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Call Date</u>
2/15/2021	\$ 195,000	2.000%	2/15/2020
2/15/2022	195,000	2.000%	2/15/2020
2/15/2023	200,000	2.250%	2/15/2020
2/15/2024	205,000	2.500%	2/15/2020
2/15/2025	215,000	2.500%	2/15/2020
2/15/2026	220,000	2.750%	2/15/2020
2/15/2027	225,000	2.750%	2/15/2020
2/15/2028	235,000	3.125%	2/15/2020
2/15/2029	240,000	3.250%	2/15/2020
2/15/2030	250,000	3.500%	2/15/2020
2/15/2031	255,000	3.500%	2/15/2020
	<u>\$ 2,435,000</u>		

Proposed Refunding Bonds, Series 2019

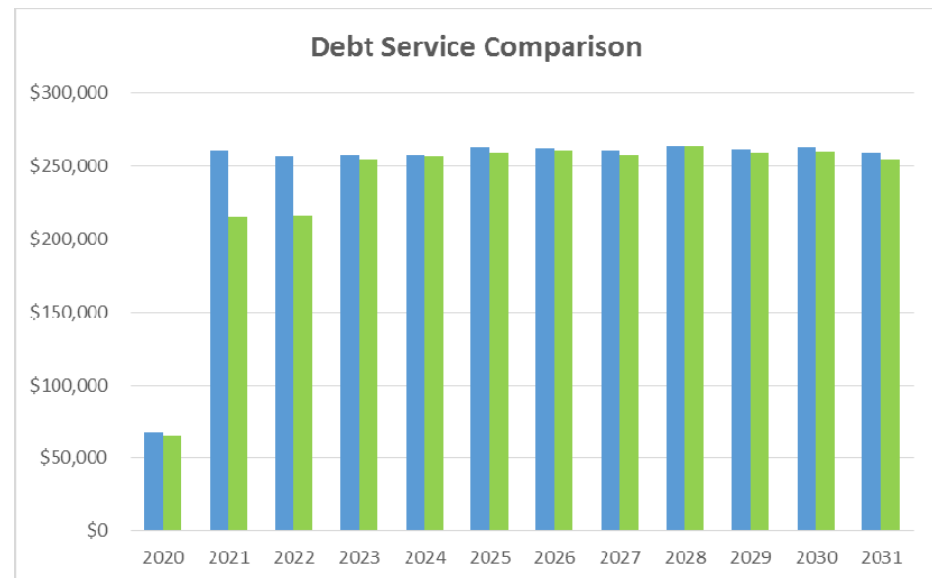


Proposed Refunding Bonds – Up-Front Savings and Current Interest Rates

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2019 - Market and Up-Front Savings			
Date	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2020	\$67,856	\$64,896	\$2,960
9/30/2021	260,906	215,550	45,356
9/30/2022	257,006	215,900	41,106
9/30/2023	257,806	254,600	3,206
9/30/2024	257,994	257,200	794
9/30/2025	262,744	259,400	3,344
9/30/2026	262,031	261,200	831
9/30/2027	260,913	257,700	3,213
9/30/2028	264,147	263,800	347
9/30/2029	261,575	259,500	2,075
9/30/2030	263,300	259,900	3,400
9/30/2031	259,463	255,000	4,463
	\$2,935,741	\$2,824,646	\$111,095

Proposed and Projected General Obligation Refunding Bonds, Series 2019

Refunding Par Amount	\$2,220,000
Gross Savings	\$111,095
Average Annual Savings (2021-2022)	\$43,231
Net Present Value Savings	\$107,159
Present Value Benefit (%)	4.401%
True Interest Cost	1.904%

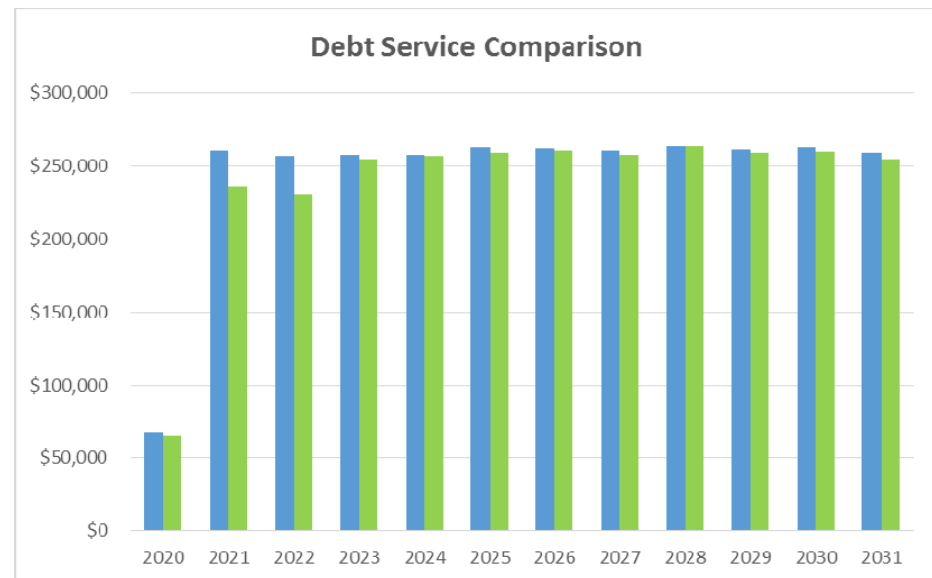


*Current Market Rates as of October 17, 2019.

Proposed Refunding Bonds – Up-Front Savings & Current Market Rates plus 25 bps

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2019 - Market Plus 25 bps and Up-Front Savings			
Date	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2020	\$67,856	\$65,786	\$2,070
9/30/2021	260,906	236,450	24,456
9/30/2022	257,006	231,200	25,806
9/30/2023	257,806	254,600	3,206
9/30/2024	257,994	257,200	794
9/30/2025	262,744	259,400	3,344
9/30/2026	262,031	261,200	831
9/30/2027	260,913	257,700	3,213
9/30/2028	264,147	263,800	347
9/30/2029	261,575	259,500	2,075
9/30/2030	263,300	259,900	3,400
9/30/2031	259,463	255,000	4,463
	\$2,935,741	\$2,861,736	\$74,005

Proposed and Projected General Obligation Refunding Bonds, Series 2019	
Refunding Par Amount	\$2,255,000
Gross Savings	\$74,005
Average Annual Savings (2021-2022)	\$25,131
Net Present Value Savings	\$71,951
Present Value Benefit (%)	2.954%
True Interest Cost	2.132%



*Current Market Rates plus 25 bps as of October 17, 2019.

Parameters Bond Sale



Parameter Bond Sale

Reason for Parameter Bond Sale = FLEXIBILITY

Market Timing- Bond issue is in 'Day-to-Day' mode, meaning bonds can be priced at any time and in an interest rate environment that is advantageous rather than being locked into pricing on the date of a City Council meeting.

- Suggested parameters for City Council consideration:
 - Minimum Savings Threshold for Refunding
 - Maximum Interest Rate
 - Maximum Principal Amount of Issue
 - Maximum Maturity Date
 - Expiration of Delegated Authority
 - Delegation Authority- The Mayor, the City Manager and/or the Chief Financial Officer

Parameter Bond Sale Recommended Parameters for Consideration

- Suggested parameters for City Council consideration:
 - Minimum Savings Threshold for Refunding – 2.50%
 - Maximum True Interest Cost Rate – 3.50%
 - Maximum Principal Amount of Issue - \$2,435,000
 - Maximum Maturity Date – February 15, 2031
 - Expiration of Delegated Authority – 180 Days
 - Delegation Authority- The Mayor, the City Manager and/or the Chief Financial Officer

Proposed Timetable of Events



Proposed Timetable of Events for Consideration

October						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

= Key Dates

= Holidays

DATE	EVENT
Tuesday, October 8, 2019	Brief Council on refunding opportunity.
Tuesday, October 22, 2019	Distribute first draft of POS to working group for comments. Regular meeting of the City Council to consider the adoption of a Bond Ordinance to refund certain debt obligations and to delegate authority to certain City Officials to approve the final terms.
Wednesday, October 30, 2019	Send POS and related documents to Standard & Poor's.
Wednesday, November 6, 2019	Comments on first draft of POS due from working group.
Friday, November 8, 2019	Distribute second draft of POS to working group for comments.
Monday, November 18, 2019	Pre-file Documents with the Attorney General's Office.
Wednesday, November 20, 2019	Comments on second draft of POS due from working group. Receive rating.
Friday, November 22, 2019	POS goes to i-Deal for posting.
Tuesday, December 3, 2019	Pricing.
Tuesday or Wednesday, December 3 or 4, 2019	Approval Certificates are executed by Delegated City Officials.
Wednesday, December 18, 2019	Closing date; City delivers the Refunding Bonds to Underwriter and receives funds.
TBD	Regular meeting to brief the City Council on the final terms of the Refunding Bonds and to present the transaction summary.

Summary



Summary

- The current municipal interest rate market is near historical lows
- The City of Kerrville has the opportunity to refund existing bonds at lower interest rates resulting in projected debt service savings
- If City Council is interested in pursuing a refinancing of the Series 2011A Certificates of Obligation, next steps are as follows:
 - Confirm the parameters to be met prior to the issuance of the refunding bonds
 - Adopt the ordinance authorizing the issuance of the refunding bonds
 - Proceed with the proposed Timetable of Events
 - Continue to monitor the municipal bond interest rate markets for changes

JAMES AVERY
artisan jewelry

October 22, 2019

MARK MCDANIEL, CITY MANAGER
CITY OF KERRVILLE, TEXAS
701 MAIN STREET
KERRVILLE, TEXAS 78028

HAND DELIVERED WITH RECEIPT

Re: Reporting under the Economic Development Incentive Agreement ("Agreement") (Section 380)

Dear Mr. McDaniel:

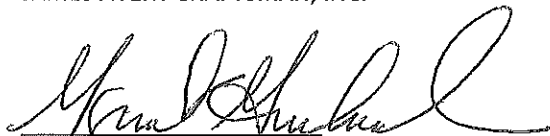
This letter and its enclosure are being filed with the City of Kerrville ("City") by James Avery Craftsman, Inc. ("James Avery") pursuant to the Section 4.7 Employment Positions in the above-referenced Agreement, which Agreement has an effective date of January 14, 2015 (its "Effective Date").

Section 4.7(a) of the Agreement requires that James Avery create and fill New Full-Time Positions within the City, beginning January 14, 2015, and maintain the contractual Minimum Number Total New Full-Time Positions by the End of Subject Calendar Years (2017-2021). James Avery has created and filled New Full-Time Positions, as defined in the Agreement: (1) by more than the 2016 Minimum Number of 72, (2) by more than the 2017 Minimum Number of 62 and the 2017 Total Minimum Number of 134 (72 + 62), and (3) by more than the 2018 Minimum Number of 57 and the 2018 Total Minimum Number of 191 (72 + 62 + 57). James Avery has met this requirement, as shown on the attached Weekly Kerr County Employment Headcount report ("Report").

Section 4.7(a) of the Agreement also requires that James Avery report to the City on a quarterly basis the cumulative number of New Full-Time Positions in weekly increments. The attached Report constitutes James Avery's 3rd Quarter 2019 report and confirms James Avery's compliance. See the last row on the Report which shows the cumulative number of Full-Time Positions within the City in weekly increments beginning with the first full Work Week in the 3rd Quarter of 2019. To determine the number of New Full-Time Positions (since 1/14/15) to the beginning of a particular work week, subtract 388 from the Total Full-Time Positions on the Report for the beginning date of that week. The Report documents to the City the exact number of Full Time Positions that are new to James Avery's business locations within the City of Kerrville to the first day of the Work Week beginning on September 28, 2019, which number of positions is greater than the 2018 Total Minimum Number of 191 [667 - 388 (1/14/15 headcount) = 279].

As required by the Agreement, James Avery will continue to provide (1) the subsequent reports quarterly, and (2) the subsequent annual sworn statements by February 1st of each year confirming compliance.

JAMES AVERY CRAFTSMAN, INC.

A handwritten signature in black ink, appearing to read 'Margaret Greenshield', written over a horizontal line.

Margaret Greenshield
Chief HR Officer

Enclosure: 2019 3rd Quarter Report

cc: ✓ Mike Hayes, City Attorney
City of Kerrville, Texas
701 Main Street
Kerrville, Texas 78028

James Avery Craftsman, Inc. Weekly Kerr County Employment Headcount 2019

Work Week Beginning	1/5/2019	1/12/2019	1/19/2019	1/26/2019	2/2/2019	2/9/2019	2/16/2019	2/23/2019	3/2/2019	3/9/2019	3/16/2019	3/23/2019	3/30/2019
Corporate	271	276	276	277	278	280	280	280	279	278	277	277	277
Manufacturing	404	405	405	401	403	403	403	403	402	404	402	400	400
Retail	5	5	5	5	5	5	5	5	5	5	5	5	5
Grand Total	680	686	686	683	686	688	688	688	686	687	684	682	682

Work Week Beginning	4/6/2019	4/13/2019	4/20/2019	4/27/2019	5/4/2019	5/11/2019	5/18/2019	5/25/2019	6/1/2019	6/8/2019	6/15/2019	6/22/2019	6/29/2019
Corporate	277	277	278	279	278	277	277	277	277	278	281	281	282
Manufacturing	398	397	397	396	395	394	394	394	393	391	391	390	391
Retail	5	5	5	5	5	5	5	5	5	5	4	4	4
Grand Total	680	679	680	680	678	676	676	676	675	674	676	675	677

Work Week Beginning	7/6/2019	7/13/2019	7/20/2019	7/27/2019	8/3/2019	8/10/2019	8/17/2019	8/24/2019	8/31/2019	9/7/2019	9/14/2019	9/21/2019	9/28/2019
Corporate	281	281	280	279	280	280	280	280	278	278	278	277	277
Manufacturing	391	392	393	393	395	393	393	390	391	389	389	387	386
Retail	4	4	4	4	4	4	4	4	4	4	4	4	4
Grand Total	676	677	677	676	679	677	674	674	673	671	671	668	667

Average Hourly Rate of Additional Positions in Kerr County active as of 9/30/2019 \$23.15



EOM Report September 2019

Affidavit

I hereby certify, under penalty of perjury, the business statements presented to the City of Kerrville, for the month of September 2019, to the best of my knowledge, are true, accurate and complete statements.

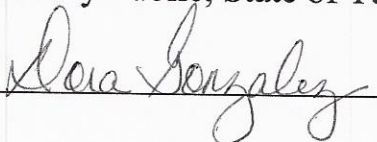


R. Nathan Fox

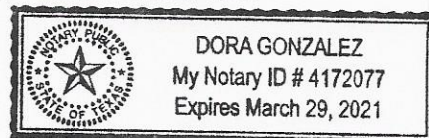
State of Texas
County of Kerr

SWORN to and SUBSCRIBED before me, the undersigned authority, on the
3rd day of October, 2019, by R. Nathan Fox.

Notary Public, State of Texas

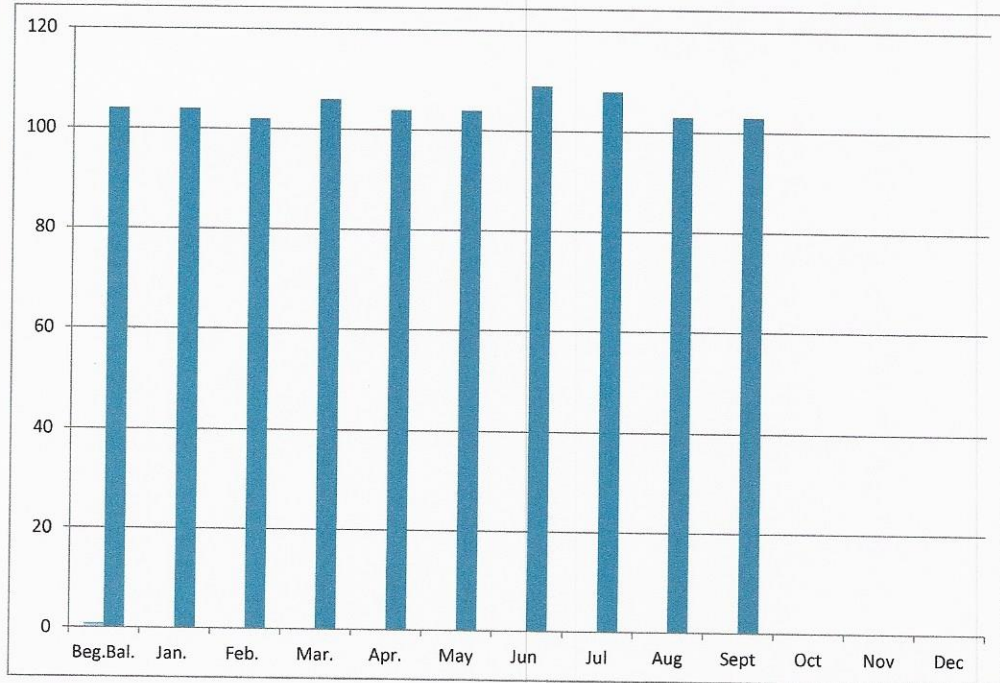


Dora Gonzalez

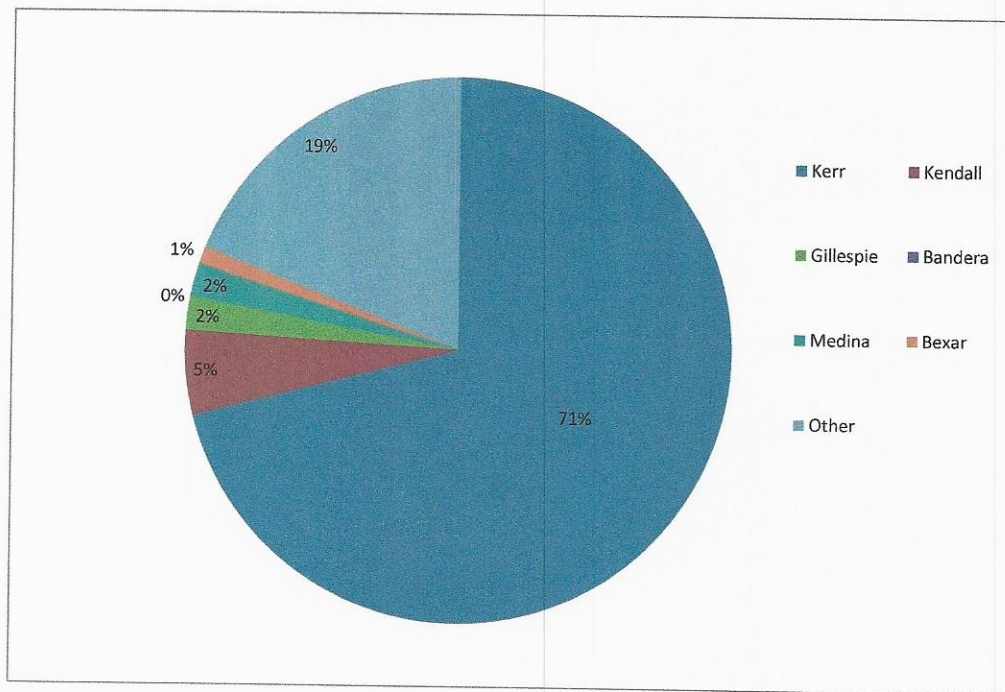


Seal

Fox Tank Company 2019 Employee Chart



Fox Tank Company 2019 Employee by County



Kerr	Kendall	Gillespie	Bandera	Medina	Bexar	Other	Total
65	3	3	0	2	1	29	103

Agenda Item:

3B. Projects Update:

River Trail Extension to Schreiner University

Tennis Center Improvements

Aquatics Feasibility Study

Olympic Drive Infrastructure Extension

Downtown Streetscape/Parking Garage

Legion Lift Station

Aerial Pipe Bridge

EconoLodge/Hobby Lobby

Thompson/Spur 98 Infrastructure Extension

Arcadia

There is no agenda bill for this item.

Agenda Item:

3C. Monthly update from Kerr Economic Development Corporation.

There is no agenda bill for this item.

Agenda Item:

4A. Project Funding Agreement between City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas for the Kerrville-Kerr County Airport related to site, building, and infrastructure improvements for business enterprise activity.

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

SUBJECT: EIC funding request by the City of Kerrville, TX regarding improvements to the Kerrville/Kerr County Airport at Louis Schreiner Field.

AGENDA DATE: October 28, 2019

DATE SUBMITTED: October 25, 2019

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: Project Funding Agreement

Expenditure Required: \$375,000	Current Balance in Account: N/A	Amount Budgeted: N/A	Account Number: N/A
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PAYMENT TO BE MADE TO: City of Kerrville, TX

SUMMARY STATEMENT

The Kerrville/Kerr County Airport (KERV) at Louis Schreiner Field desires to make several infrastructure enhancements to better leverage their long-term business viability for the community. KERV has made application to TxDOT to leverage state grant funds for the construction of ten (10) "T-hangars." The City of Kerrville and Kerr County are jointly providing funding for the local match portion of this \$900,000 project.

While those construction crews are mobilized, KERV feels that it would be advantageous to also complete \$200,000 in site work for the eventual construction of three "box hangars." These box hangars are typically business related, and often have small businesses run out of the facilities. As such, this expenditure is EIC eligible under the public infrastructure categories of state statute related to 4B funding expenditures. The EIC-requested portion of this site work amounts to \$100,000.

In addition, KERV also has a dilapidated property at the Airport, known as the "Horseshoe" building. The aged facility is located on KERV property near the Mooney Aircraft facility, and at one time operated as a paint shop for aircraft. To better market the property to future job-bearing tenants, KERV would like to demolish part of the structure and add paving infrastructure to enhance runway access. KERV estimates that \$150,000 of EIC funding will be needed to accomplish this demolition and infrastructure work.

The combined near-term request from the EIC for Airport-related improvements is \$250,000. A subsequent commitment of \$125,000 in funding is being requested of the EIC to fund the completion of the building shell and other exterior elements of the "Horseshoe" building at a later phase, once a specific business tenant has made a lease commitment. This money would be committed/encumbered, but would not be transferred out of the project funds until that jobs-bearing tenant committed to utilizing the facility and

entering into a lease with KERV. If said tenant does not materialize within 36 months, the funds would be returned to the EIC with any accumulated interest. The total commitment being asked of EIC is \$375,000.

This request is congruent with the Economic Development section of the Kerrville 2050 Comprehensive Plan:

- *E4: Balance, broaden, and diversify the City's tax base, shifting the tax burden away from residential property owners.*
- *E4.3: Promote additional hangar space at the Airport to increase property tax revenues from personal property taxes.*

PROJECT HISTORY

<u>Summer 2019:</u>	KERV works with City staff regarding capital requests
<u>August 8, 2019:</u>	A Go Team meeting was conducted.
<u>September 16, 2019:</u>	Presentation by KERV to EIC. EIC directs staff to draft a Funding Agreement and set a Public Hearing date for Oct. 28, 2019.
<u>October 28, 2019:</u>	Public Hearing for Funding Agreement and possible action
<u>November 12, 2019:</u>	Earliest date possible for City Council approval of Funding Agmt.

RECOMMENDED ACTION

Conduct Public Hearing and provide consideration of the Economic Development Funding Agreement as presented.

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PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF KERRVILLE, TEXAS, FOR SITE, BUILDING, AND INFRASTRUCTURE IMPROVEMENTS FOR BUSINESS ENTERPRISES AT THE KERRVILLE-KERR COUNTY AIRPORT

THIS PROJECT FUNDING AGREEMENT (the “Agreement”) is entered into this ____ day of _____, 2019 (the “Effective Date”), 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, 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:

a) land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are: (1) for the creation or retention of primary jobs, as that term is defined by the Act; and (2) found by the EIC to be required or suitable for the development, retention, or expansion of manufacturing and industrial facilities; research and development facilities; transportation facilities, including airports, hangars, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport; distribution centers; small warehouse facilities capable of serving as decentralized storage and distribution centers; or, regional or national corporate headquarters facilities; b) 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

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roads, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related; and telecommunications and internet improvements; and c) land, buildings, equipment, facilities, and improvements found by the EIC to promote or develop new or expanded business enterprises that create or retain primary jobs, including: (1) a project to provide streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements, and any improvements or facilities related to a project described by this subdivision; and (2) any other project that the EIC in its discretion determines promotes or develops new or expanded business enterprises that create or retain primary jobs; as provided by Sections 501.101, 501.103, and 505.155 of the Act; and

WHEREAS, the Kerrville/Kerr County Joint Airport Board (“JAB”) proposes to make several infrastructure enhancements at the Kerrville-Kerr County Airport (“Airport”) to better leverage its long-term business viability for the community; and

WHEREAS, the JAB, pursuant to grant funding provided by the Texas Department of Transportation and local funding from both the City of Kerrville, Texas, and Kerr County, Texas, intends to construct ten (10) “T-hangars” at the Airport; and

WHEREAS, while that construction is ongoing, the JAB believes it to be advantageous to conduct additional work and enhancements at the Airport with the intent of attracting and increasing activities stemming from business enterprises, including the possibility of creating or increasing “primary jobs”, as that term is defined by the Act; and

WHEREAS, the JAB proposes to: build site infrastructure for the eventual construction of three “box hangars”; improve the “Horseshoe Building”, to include removing existing exterior and interior walls; and to complete the shell of this building and install exterior walls and doors upon the identification of a specific tenant(s) for the building; all of which work is collectively referred to herein as the “Project”; and

WHEREAS, the Project will support and reinforce the goals of the Kerrville Comprehensive Plan (“Kerrville 2050”) to include balancing, broadening, and diversifying the City’s tax base, shifting the tax burden away from residential property

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owners; and promoting additional hangar space at the Airport in an effort to increase property tax revenues from personal property taxes; and

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

WHEREAS, the EIC finds that the Project is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises and that the Project is required or suitable for the development, retention, or expansion of such activities and purposes to include manufacturing and industrial facilities, research and development facilities, transportation facilities, including airports, hangars, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport; and

WHEREAS, finding that providing funds to contribute toward the planning, development, and construction of the Project is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises and other projects defined by the Act, 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 costs related to the Project; and

WHEREAS, on October 28, 2019, 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, the EIC and City agree as follows:

1. **“Project” Defined:** When used in this Agreement, the term “Project” means the summary and cost itemization submitted to the City by the JAB, which is attached as **Exhibit A**. The City will manage the funding from the EIC pursuant to the authority granted by this Agreement. The City will pay the JAB directly following the JAB’s requests for payment from the City and documentation from the JAB that JAB has incurred, or contractually obligated itself to incur costs

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relevant to the Project and within the categories and up to the estimated costs described in **Exhibit A**. City will ensure that the JAB does 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 shall provide City up to and not to exceed \$375,000.00 in 4B Revenues for the Project, where said amount is divided between the categories and estimated costs specified in **Exhibit A**. City is authorized to transfer this funding over into the appropriate City project account and to make payments for the herein described purposes directly from funds allocated for the Project. Prior to the City's payment of any costs to the JAB related to "Phase 2" of the "Horseshoe Building" portion of the Project, the City must have received evidence from the JAB as to a tenant relationship that the JAB has entered into with a business enterprise, for purposes including the creation or retention of primary jobs, as those terms are used as part of authorized projects pursuant to the Act.
3. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 2, above, are limited to the payment of "costs" as defined in the Act.
4. **Project Timeline/Termination:** The City estimates that construction activities for the Project will begin on or before October 2020. This Agreement shall terminate as of the date the City provides all of the Project funding authorized pursuant to this Agreement or the expiration of thirty-six (36) months from the Effective Date.
5. **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.
6. **Amendment:** This Agreement may be amended only by written amendment signed by the Parties.
7. **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

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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

8. **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.
9. **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.
10. **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.

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11. **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.
12. **Survival of Terms:** All rights, duties, liabilities, and obligations accrued prior to termination will survive termination.
13. **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:

Shelley McElhannon, City Secretary

Kayla McInturff, Secretary for the EIC

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

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TO: E.A. Hoppe, Deputy City Manager
FROM: KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD
RE: FY 2020 Capital Request to Economic Improvement Corporation
DATE: August 30, 2019

Listed below are the airport's funding requests to be considered by the Economic Improvement Corporation:

1. Build site infrastructure for future box hangars \$100,000

2. Improve Horseshoe Building and Site
Phase 1- Remove existing exterior walls and interiors, adjacent sheds, interiors and general clean up. Rework access drive and paving. \$150,000

Phase 2- Once a tenant/user is identified; fund costs to complete building shell; install exterior metal walls and hangar door. \$125,000

TOTAL REQUEST: \$375,000