



ALTERNATIVE CITIZEN/PUBLIC PARTICIPATION GUIDELINES (Due to COVID-10 Pandemic Disaster Declaration)

Despite the necessity to restrict public access to Economic Improvement Corporation meetings in the interest of public health during the COVID-19 pandemic, citizens and visitor are welcome to participate in EIC meetings in several alternative ways as outlined below.

Instructions for callers:

Dial one of the following numbers:

877 853 5247 (Toll Free) or

888 788 0099 (Toll Free)

If you cannot get through on one of the numbers due to network congestion, please try the other number.)

When your call is answered you will hear "Welcome to Zoom, enter your Meeting ID followed by pound." Enter in the Meeting ID below followed by the pound sign (#).

The Meeting ID is **941 3469 4185#**

If the moderator has not started the meeting yet, you will hear "The meeting has not started yet, please hold or call back later." If you decide to call back later, please do so before 3:45 p.m.

Once you have called into the meeting, your microphone will be placed on mute and your call will be placed in the call queue. At this point, you will hear silence on the phone. Please do not hang up. The moderator will unmute your microphone as he/she is going down the list. Once the meeting has started, you will be able to listen to proceedings even if your microphone is muted.

The moderator will be accepting calls starting at 3:00pm. Please place your call before the 3:45 p.m. deadline to participate in order to allow time for calls to be loaded and queued. Calls made after this time will not be answered.

Instructions for written comments:

Written comments will be read into record, and can be provided in two different ways:

OPTION 1 by hard copy – Comments may be dropped off at the City Hall Utility Payments Drop-Box on the north side of City Hall by 3:45 p.m. the afternoon of the EIC Meeting. You are required to provide your first and last name, address, and identify the item you wish to comment on.

OPTION 2 by email - Comments can be emailed to **kesha.franchina@kerrvilletx.gov** and must be received by 3:45 p.m. the afternoon of the EIC Meeting. You are required to provide your first and last name, address, and identify the item you wish to comments on.

For either option, please provide **all required information** in order for your comments to be accepted. Thank you for your participation!



ECONOMIC IMPROVEMENT CORPORATION AGENDA

AUGUST 17, 2020, 4:00 PM

Kerrville City Hall Council Chambers

701 Main Street, Kerrville, Texas

The purpose of the Economic Improvement Corporation is to improve economic prosperity in the City of Kerrville.

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:

2.A. Minutes for the regular EIC meeting held on July 20, 2020

Attachments:

[EIC Annual Meeting 7-20-2020.pdf](#)

2.B. Minutes for the special called EIC meeting held on July 30, 2020

Attachments:

[EIC Special Called Meeting Minutes 7-30-2020.pdf](#)

3 MONTHLY REPORTS:

3.A. Monthly Financial Report

Attachments:

[July 2020 financial presentation 2 FINAL.pdf](#)

3.B. Projects Update

3.C. Kerr Economic Development Corporation Update

4 CONSIDERATION AND POSSIBLE ACTION:

4.A. Presentation of the Skymaster/Killdeer Mountain Manufacturing, Inc. Project with anticipated consideration for the drafting of Economic Development Grant Agreements and setting future Public Hearing dates.

4.B. Administrative Service Contract between City of Kerrville, Texas and City of Kerrville, Texas Economic Improvement Corporation

4.C. City of Kerrville, Texas Economic Improvement Corporation Fiscal Year 2021 Budget
Attachments:

[EIC Budget FY21 from Amy 8-14-2020.pdf](#)

5 EXECUTIVE SECTION:

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:

5.A. Skymaster/Killdeer Mountain Manufacturing, Inc. Project (551.071, 551.072, and 551.087)

6 POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

7 ITEMS FOR FUTURE AGENDAS:

8 ANNOUNCEMENTS:

ADJOURN.

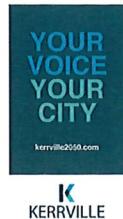
I hereby certify that this agenda was posted as notice of the meeting on the bulletin board at the City Hall of the City of Kerrville, Texas, and on the City's website on the following date and time: 8/14/2020 at 3:50 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Kesha Franchina

Kesha Franchina, Deputy City Secretary, City of Kerrville, Texas



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



SUBJECT: Minutes for the regular EIC meeting held on July 20, 2020

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 06, 2020

SUBMITTED BY: Kesha Franchina

EXHIBITS: [EIC Annual Meeting 7-20-2020.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Minutes of the regular EIC meeting from July 20, 2020 at 4:00 pm

RECOMMENDED ACTION:

Approve minutes as presented

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING – JULY 20, 2020**

On Monday, July 20, 2020, 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 member Don Barnett, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Don Barnett offered the invocation.

Members Present:

Danny Almond
Don Barnett
Gary Cochrane
Maggie Megee
Gregory Richards
Aaron Yates

Members Absent:

Kent McKinney, Vice President

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Amy Dozier, Finance Director
Shelley McElhannon, City Secretary

No citizens were present at the Economic Improvement Corporation meeting due to the COVID-19 pandemic restrictions and the Governor's Disaster Declaration on March 16, 2020; public participation and engagement were offered through Zoom by telephone, by written comments, and by email.

1. CONSENT AGENDA:

- 1A. Minutes for the regular EIC meeting held on June 15, 2020.
- 1B. Minutes for the EIC special-called meeting held June 29, 2020.

Gary Cochrane moved to approve the minutes as presented. Aaron Yates seconded, and the motion passed 6-0.

END OF CONSENT AGENDA.

2. MONTHLY REPORTS:

- 2A. Monthly financials for June 2020.

Amy Dozier presented monthly financials for June 2020, and responded to questions.

2B. Projects update:

River Trail Extension to Schreiner University: Construction continues.

Tennis Center Improvements: Project complete; soft opening will be scheduled.

Aquatics Feasibility Study: Postponed due to COVID-19.

Olympic Drive Infrastructure Extension: Utility relocation complete; progress continues.

Downtown Elevator Enclosure: Progress continues.

Legion Lift Station: Lift Station is operational; demolition of old lift station.

Loop 534 Guadalupe River Utility Crossing: Working with TXDOT and designing plans, and obtaining bids. Scheduled to engineer project by end of summer.

Thompson/Spur 98 Infrastructure Extension: Infrastructure work wrapping up; project is nearing completion.

Arcadia Theater: Progress continues; opening postponed due to COVID-19.

KERV Airport Improvements: Progress continues.

Doyle Community Center Improvements: Currently in architectural and engineering elements.

E.A. Hoppe presented information and responded to questions.

3. NOMINATE AND ELECT OFFICERS:

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

Don Barnett made a motion to nominate and elect Greg Richards as President, Danny Almond as Vice President, and Aaron Yates as Secretary/Treasurer. Maggie Megee seconded, and the motion passed 6-0.

3B. EIC representative to the Kerr Economic Development Corporation.

Gary Cochrane made a motion to nominate and elect Maggie Megee as the Kerr Economic Development Corporation EIC representative. Danny Almond seconded, and the motion passed 6-0.

3C. EIC representative to the "GO Team".

Greg Richards made a motion to nominate and elect Don Barnett as the "GO Team" EIC representative. Gary Cochrane seconded, and the motion passed 6-0.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Kerr Economic Development Corporation (KEDC) Annual Workplan Review and Budget for Fiscal Year 2021.

Gil Salinas presented the KEDC Annual Workplan Review and Budget for Fiscal Year 2021 update via teleconference, and responded to questions.

4B. Update and direction to City staff regarding proposed Economic Improvement Corporation Budget for Fiscal Year 2021.

Amy Dozier reviewed budget standings. Amy Dozier, Mark McDaniel, and E.A. Hoppe responded to questions. Ms. Dozier advised that during the next EIC meeting, August 17, 2020; the budget will be voted on, the River Trail Feasibility Study project will be presented, and the Sales Tax with General Fund presented.

5. EXECUTIVE SESSION:

Gary Cochrane moved to go into closed executive session under 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), and 551.087 (deliberation

regarding economic development negotiations) of Chapter 551 of the Texas Government Code. Aaron Yates seconded, and the motion passed 6-0.

The EIC convened into closed executive session at 5:25 p.m.

4A. Sky Master Business Development Project (551.071, 551.072, 551.087)

4B. 300 Peterson Farm Road (551.071, 551.072)

EIC reconvened in open session at 6:13 p.m.

5. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

No action taken during Executive Session.

6. ITEMS FOR FUTURE AGENDAS: None.

7. ANNOUNCEMENTS: None

8. ADJOURN. Don Barnett adjourned the meeting at 6:14 p.m.

APPROVED BY EIC: _____

Don Barnett, EIC member

ATTEST:

Shelley McElhannon, City Secretary



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



SUBJECT: Minutes for the special called EIC meeting held on July 30, 2020

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 06, 2020

SUBMITTED BY: Kesha Franchina

EXHIBITS: [EIC Special Called Meeting Minutes 7-30-2020.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Minutes of the special called EIC meeting from July 30, 2020 at 4:00 pm

RECOMMENDED ACTION:

Approve minutes as presented

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
SPECIAL MEETING JULY 30, 2020**

On Thursday, July 30, 2020, a special meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Gregory Richards, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. The invocation was led by Gregory Richards.

Members Present:

Gregory Richards, President
Danny Almond, Vice President
Don Barnett
Gary Cochrane
Kent McKinney
Maggie McGee

Members Absent:

Aaron Yates

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Kesha Franchina, Deputy City Secretary

No citizens were present at the Economic Improvement Corporation meeting due to the COVID-19 pandemic restrictions and the Governors Disaster Declaration on March 16, 2020; public participation and engagement were offered through Zoom by telephone, by written comments, and by mail.

Mr. Richards moved to go into Executive Session under Sections 551.071 and 551.087 of the Texas Government Code. Mr. McKinney seconded, and the motion passed 6-0. At 4:01 p.m., the open session recessed, and the EIC went into executive closed session at 4:01 p.m.

1. EXECUTIVE SESSION:

1A. Economic Development Agreement with Kerrville 4th on the River, Inc. for renovation of the Arcadia Theater, 717 Water Street, Kerrville, Texas.

2. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION: None

3. ADJOURNMENT.

Mr. Richards adjourned the meeting at 4:55 p.m.

APPROVED: _____

Gregory Richards, President

ATTEST: _____

Deputy City Secretary



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



SUBJECT: Monthly Financial Report

AGENDA DATE OF: August 17, 2020

DATE SUBMITTED: Aug 06, 2020

SUBMITTED BY: Amy Dozier

EXHIBITS: [July 2020 financial presentation 2 FINAL.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

EIC received sales tax of \$350,459 in July 2020. This payment represents tax collected on sales in May. Since we are closely watching sales tax, August sales tax collections are also included in the Sales Tax Revenue Analysis shown on slide 4 of the attached presentation.

Sales tax in July and August is significantly better than originally estimated. Detailed information on July collections shows gains in retail and manufacturing offset by declines in the food services category. Kerrville continues to benefit from increases related to online sales, regional retail draws such as home improvement stores and new retail. Most fast food restaurants seem to be maintaining business, but dine in restaurants have been impacted by the pandemic.

Amazingly, sales tax appears to be on track to exceed budget for the year. However, economic reports for Texas showed signs of slowing in July related to a spike in COVID

cases. In addition, the economy is still in a recession, unemployment is high, additional unemployment benefits ended in July and economists agree that economic recovery is dependent on what happens with the pandemic.

On the expense side, EIC made regular monthly payments for administrative and debt service commitments and a quarterly payment to KEDC. In addition, \$324,275 plus interest was returned to EIC related to the downtown streetscape project that has now been canceled by EIC and the City.

Following this activity, EIC ended July with a cash balance of \$2,786,158. Not including the impact of any agreements currently under consideration, EIC's cash balance is expected to vary between \$2.6 and \$3.8 million over the next year.

EIC's funds are invested in TexPool, a completely liquid municipal pool account that is currently earning 0.35%.

The City is continuing to move forward with a debt refunding opportunity on the Series 2012 debt. The refunding will likely take place in October and lower EIC's debt service beginning in FY2021.

RECOMMENDED ACTION:

Information only; no action required.

Financial update for the month ended July 31, 2020

Economic Improvement Corporation Meeting

August 17, 2020

Economic Improvement Corporation
Statement of Activities
Month Ended July 31, 2020

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Remaining Budget
Revenues					
Sales and Use Tax	\$ 3,689,250	\$ 350,459	\$ 3,108,746	84.3%	\$ (580,504)
Interest Income	33,750	4,675	31,958	94.7%	(1,792)
Total Revenues	3,723,000	355,134	3,140,704	84.4%	(582,296)
Expenditures					
Administrative					
Office Supplies	500	-	60	12.0%	440
Professional Services	-	8,739	18,886		(18,886)
Administrative Services Fee	185,000	15,417	154,167	83.3%	30,833
Kerr Economic Development Corp.	250,000	47,500	220,000	88.0%	30,000
Total Administrative	435,500	71,655	393,113	90.3%	42,387
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	258,506	20,998	211,924	82.0%	46,582
Debt Service - Series 2012 (River Trail)	250,330	20,969	209,692	83.8%	40,638
Debt Service - Series 2015 (KSC)	603,350	50,488	504,875	83.7%	98,475
Total Debt Service	1,112,186	92,455	926,491	83.3%	185,696
Projects					
Legion Lift Station	1,000,000	-	1,000,000	100.0%	-
Schreiner River Trail	750,000	-	750,000	100.0%	-
Olympic Drive	935,000	-	894,000	95.6%	41,000
Thompson Drive Partners (The Landing)	566,667	-	-	0.0%	566,667
KFOR - Arcadia	600,000	-	600,000	100.0%	-
Airport Projects	-	-	7,367		(7,367)
Doyle School	-	-	19,063		(19,063)
Downtown Streetscape	-	(324,275)	(324,275)		324,275
Total Projects	3,851,667	(324,275)	2,946,155	76.5%	905,512
Total Expenditures	5,399,353	(160,165)	4,265,758	79.0%	1,133,595
Change in Net Position					
	<u>\$ (1,676,353)</u>	<u>\$ 515,299</u>	<u>\$ (1,125,054)</u>		

Economic Improvement Corporation
Cash Flow Forecast (using COVID-19 assumptions)
As of July 31, 2020

	FY2020 Actual	FY2020 Projected	FY2021 Projected				
	Oct 2019 to July 2020	Aug 2020 to Sep 2020	Oct 2020 to Dec 2020	Jan 2021 to Mar 2021	Apr 2021 to June 2021	Jul 2021 to Sep 2021	
Beginning Cash Balance	\$ 3,921,213	\$ 2,786,158	\$ 2,755,458	\$ 2,641,991	\$ 3,014,450	\$ 3,362,037	
Revenue							
Sales Tax	3,108,746	640,279	839,072	901,414	866,793	904,027	Sales Tax A
Interest Income	31,958	1,667	2,250	2,250	2,250	2,250	September (FY2021)
Total Revenue	3,140,704	641,946	841,322	903,664	869,043	906,277	
Expenditures							
Administrative	154,227	30,834	46,500	46,250	46,500	46,250	
Administrative Fee & Supplies	28,886	-	-	10,000	-	-	
Professional Services	220,000	-	49,375	49,375	49,375	49,375	
KEDC							
Total Administrative	403,113	30,834	95,875	105,625	95,875	95,625	
Debt Service	926,491	184,909	275,581	275,581	275,581	275,581	
Projects							
Legion Lift Station	1,000,000	-	-	-	-	-	
Thompson Drive Partners	-	283,333	283,333	-	-	-	
Schreiner River Trail	750,000	-	-	-	-	-	
Olympic Drive	894,000	-	-	-	-	-	
KFOR - Arcadia	600,000	-	-	-	-	-	
Airport Projects	7,367	142,633	50,000	50,000	-	-	
Doyle Center	19,063	30,937	250,000	100,000	100,000	100,000	
Downtown Streetscape	(324,275)	-	-	-	-	-	
Downtown River Trail Feasibility Study	-	-	-	-	50,000	-	
Total Projects	2,946,155	456,903	583,333	150,000	150,000	125,000	
Total Expenditures	4,275,758	672,646	954,789	531,206	521,456	496,206	
Ending Cash Balance	\$ 2,786,158	\$ 2,755,458	\$ 2,641,991	\$ 3,014,450	\$ 3,362,037	\$ 3,772,108	

Financial Analysis

Project Analysis as of July 31, 2020

Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Committed Projects:			
Thompson Drive Partners	\$ 850,000	\$ 283,333	\$ 566,667
Airport Projects	375,000	7,367	367,633
Doyle School	500,000	19,063	480,937
Committed Project Total	\$ 1,725,000	\$ 309,763	\$ 1,415,237

Sales Tax Revenue Analysis

Month	Actual FY2019	Budget FY2020	COVID-19 Projection
October	\$ 284,752	\$ 294,123	\$ 294,752
November	276,717	302,630	301,001
December	295,154	284,841	297,620
January	271,314	293,053	292,966
February	376,154	386,639	393,938
March	266,024	267,403	270,955
April	284,581	266,696	262,275
May	299,073	341,802	318,521
June	304,930	302,222	326,259
July	315,626	300,675	350,459
August	332,420	346,545	367,921
September	341,470	302,620	272,358
YTD Total	\$ 3,648,217	\$ 3,689,250	\$ 3,749,025

Cash Analysis as of July 31, 2020

by Type - Placement - Amount	
Type	Placement
Short Term Investment	EIC TexPool
	\$ 2,786,158
	Total Cash and Investments
	\$ 2,786,158



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



SUBJECT: Projects Update

AGENDA DATE OF: August 17, 2020

DATE SUBMITTED: Aug 06, 2020

SUBMITTED BY: EA Hoppe

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

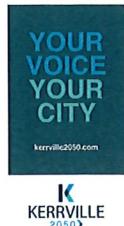
- River Trail Extension to Schreiner University
- Aquatics Feasibility Study
- Olympic Drive Infrastructure Extension
- Thompson/Spur 98 Infrastructure Extension
- Arcadia Theater
- KERV Airport Improvements
- Doyle Community Center Improvements

RECOMMENDED ACTION:

Update No Action



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



SUBJECT: Kerr Economic Development Corporation Update

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 07, 2020

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

NA

RECOMMENDED ACTION:

No Action



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



SUBJECT: Presentation of the Skymaster/Killdeer Mountain Manufacturing, Inc. Project with anticipated consideration for the drafting of Economic Development Grant Agreements and setting future Public Hearing dates.

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 07, 2020

SUBMITTED BY: EA Hoppe

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	Yes
Key Priority Area	E - Economic Development
Guiding Principle	E4. Balance, broaden and diversify the City's tax base, shifting the tax burden away from residential property owners
Action Item	E4.1 - Target strategic growth opportunities that will bring an increase in fiscal revenues (sales and property taxes and water/sewer fees, etc.)

SUMMARY STATEMENT:

The Kerrville Economic Improvement Corporation (EIC) will receive a presentation regarding the potential expansion of Killdeer Mountain Manufacturing (KMM) to Kerrville, TX. KMM is a Tier 1 leading manufacturer of electronic components for military and aerospace industries, and currently operates solely out of western North Dakota. The company recently was awarded several incentives from the State of Texas to relocate to the state, and the presentation on Monday will outline the local incentives that dovetail with the State incentives. Action will be required of the EIC should they desire to move forward with drafting any Economic Grant Agreements, and a future Public Hearing date will need to be set to review those Agreements.

RECOMMENDED ACTION:

Direct staff on the drafting of project agreements and call a special meeting and public hearing for August 31st to consider project agreements.



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



SUBJECT: Administrative Service Contract between City of Kerrville, Texas and City of Kerrville, Texas Economic Improvement Corporation

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 07, 2020

SUBMITTED BY: EA Hoppe

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

The Fiscal Year 2021 Agreement is identical to the Agreement approved for Fiscal Year 2020. There is no change in funding level or terms.

RECOMMENDED ACTION:

Approve the Agreement as drafted



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



SUBJECT: City of Kerrville, Texas Economic Improvement Corporation Fiscal Year 2021 Budget

AGENDA DATE OF: August 17, 2020 **DATE SUBMITTED:** Aug 14, 2020

SUBMITTED BY: Kesha Franchina

EXHIBITS: [EIC Budget FY21 from Amy 8-14-2020.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

EIC considered a proposed FY2021 budget at the regular July meeting. Since that presentation, the following changes have been made to the proposed budget:

1. Sales Tax – Sales tax revenue has been increased from \$3,490,712 to \$3,511,307. This brings sales tax in line with the assumptions for sales tax in the City's General Fund. Due to current economic uncertainty, sales tax is projected to be 6% lower than the FY2020 level budgeted in the City's General Fund. June sales tax represented sales from April, which was the month with the most pandemic related closures. When that revenue was adjusted for anomalies seen with individual taxpayers, sales tax was down 6%. This assumption was used for all of FY2021. As a reference, sales tax was down 8% during the worst year of the Great Recession.
2. Interest Income – Adjusted from \$10,350 to \$9,000 based on a downward adjustment to

the average balance assumption due to Skymaster.

3. Professional Services - \$50,000 previously budgeted for River Trail Feasibility Study moved to the Project section. \$10,000 added to this line item for any outside legal services that may be required.

4. Project Contributions - \$20,000 added for an interest payment on the Skymaster loan with KPUB. FY2020 estimates have also been adjusted to reflect expenses related to Skymaster.

RECOMMENDED ACTION:

Adopt the FY2021 Budget as presented.

**City of Kerrville
Economic Improvement Corporation
FY2021 Budget**

	FY20 Estimated	Proposed Budget	FY22 Projected	FY23 Projected	FY24 Projected
Beginning Cash Balance	\$3,921,213	\$1,693,958	\$2,690,608	\$4,748,922	\$6,906,803
Revenue					
Sales Tax	3,749,025	3,511,307	3,581,533	3,653,163	3,726,227
Interest and Miscellaneous	33,624	9,000	12,680	37,489	59,068
Loan Proceeds	1,000,000	-	-	-	-
Total Revenue	4,782,649	3,520,307	3,594,212	3,690,652	3,785,295
Expenditures					
Administrative					
Supplies and Miscellaneous	60	500	500	500	500
Professional Services	-	10,000	10,000	10,000	10,000
KEDC	220,000	197,500	200,000	200,000	200,000
Administrative Services Fee	185,000	185,000	195,000	200,000	205,000
Total Administrative	405,060	393,000	405,500	410,500	415,500
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	253,919	251,344	251,019	250,891	251,206
Debt Service - Series 2012 (River Trail)	251,630	247,830	254,030	249,030	249,030
Debt Service - Series 2015 (KSC)	605,850	603,150	605,350	602,350	605,200
Total Debt Service	1,111,399	1,102,324	1,110,399	1,102,271	1,105,436
Project Contributions					
Legion Lift Station	1,000,000	-	-	-	-
Olympic Drive	894,000	-	-	-	-
Thompson Drive Partners	283,333	283,333	-	-	-
Schreiner River Trail	750,000	-	-	-	-
KFOR - Arcadia	600,000	-	-	-	-
Airport Projects	150,000	225,000	-	-	-
Doyle School	50,000	450,000	-	-	-
Downtown Streetscape	(324,275)	-	-	-	-
Downtown River Trail Feasibility Study	-	50,000	-	-	-
Skymaster	2,090,386	20,000	20,000	20,000	1,020,000
Total Project Contributions	5,493,444	1,028,333	20,000	20,000	1,020,000
Total Expenditures	7,009,904	2,523,657	1,535,899	1,532,771	2,540,936
Net Revenue (Expenditures)	(2,227,254)	996,650	2,058,313	2,157,882	1,244,358
Ending Cash Balance	\$1,693,958	\$2,690,608	\$4,748,922	\$6,906,803	\$8,151,162



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



SUBJECT: Skymaster/Killdeer Mountain Manufacturing, Inc. Project (551.071, 551.072, and 551.087)

AGENDA DATE OF: August 17, 2020

DATE SUBMITTED: Aug 07, 2020

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
NA	NA	NA	NA

PAYMENT TO BE MADE TO: NA

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

RECOMMENDED ACTION:

No Action

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

THIS CONTRACT is entered into as of the ____ day of August 2020, by and between the City of Kerrville, Texas, ("City"), and the City of Kerrville, Texas Economic Improvement Corporation ("EIC") for and in consideration of the following promises and conditions:

**ARTICLE I
SERVICES PROVIDED BY CITY**

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

- A. Engineering and Project Management Services:** City agrees to provide engineering and project management services, to include design, bid, and construction phases, for EIC-funded projects that involve improvements to City and/or public property. City may contract for engineering, project management, or construction services that may be necessary and EIC agrees to pay for such services as part of a project, which will be specified within a project agreement, and which is authorized by the EIC to be funded in whole or in part by sales tax revenues generated pursuant to the authority of Chapters 501, 502, and 505 of the Texas Local Government Code.
- B. Legal Services:** City agrees the City Attorney will be the legal advisor of, and attorney for, EIC, which representation will include review of documents, contracts, and other instruments as to form and legality, the conduct of legal research, and, if requested, the issuance of legal opinions. In the provision of legal services by the City Attorney, the City Attorney shall provide such services only if the provision of legal services to EIC does not unreasonably impair his ability to provide legal services to the City. For example, in the event the City Attorney determines that a legal or ethical conflict exists between the City and the EIC, the EIC agrees that the City Attorney may continue to represent the City on such matter notwithstanding such conflict, provided the City Attorney has made reasonable disclosure of the conflict to the president of the EIC. Where a conflict exists, EIC may hire counsel of its own choice at EIC expense, subject to its budget, to include any undesignated reserve cash balance but not to exceed an overall expense of \$50,000.00. The City Attorney may contract at times for specialized legal services with respect to a project approved by EIC and EIC shall pay for such services.
- C. Financial Services:** City agrees to provide accounting, banking, and investment services, including accounts receivable, accounts payable, disbursement of funds per agreements, investments, record keeping, financial reporting, and an audit of

all funds. The City will provide a report at each regular monthly meeting of the EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis on a form approved by the EIC.

- D. **Administrative Services:** City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.
- E. **Investment Officer:** The City's Chief Financial Officer will serve as the EIC's investment officer in accordance with the EIC's Investment Policy, as may be amended.
- F. **Regulatory Financial Reporting:** The City's Chief Financial Officer shall prepare all financial reports required by state and federal regulatory agencies.
- G. **Annual Audit:** The City's Chief Financial Officer shall include the EIC's financial information as part of the City's Comprehensive Annual Financial Report (CAFR).
- H. **Project Reports:** The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- I. **Staff Reports:** The City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
 - 1. Complete Application
 - 2. Financial Impact Analysis
 - a. Total payroll
 - b. Payroll multiplier
 - c. Sales and ad valorem tax generation
 - 3. Return on Investment Analysis
 - a. Property tax – City, County, and KISD
 - b. Sales tax – City and County

- c. Payroll multiplier
- d. Timeline by which return is realized

4. Feasibility Analysis

- a. Land – size, zoning, platting, building/fire codes
- b. Building – size, suitability, condition
- c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety

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

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

ARTICLE II COMPENSATION

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City **\$185,000.00** for the term specified below. It is agreed by the parties that this compensation is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

ARTICLE III TERM

The term of this Contract commences on October 1, 2020, and ends on September 30, 2021, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

ARTICLE IV TERMINATION

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

ARTICLE V GOVERNING LAW

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

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

CITY OF KERRVILLE, TEXAS

By: _____
Mark L. McDaniel, City Manager

ATTEST:

Shelley McElhannon, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT
CORPORATION

By: _____
Greg Richards, President

ATTEST:

Kesha Franchina, Secretary of EIC

KEBRYLLE

Project Skymaster



EIC Board Meeting

August 13, 2020

ABOUT KMM

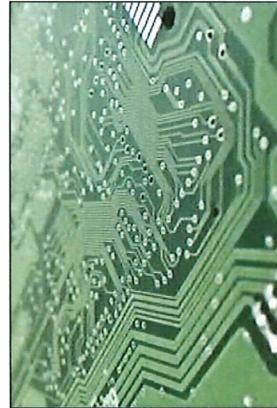
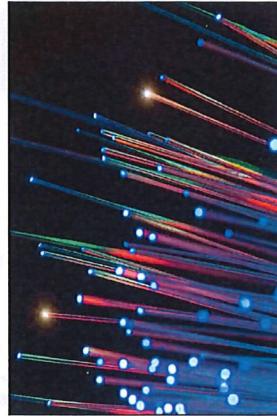
- Founded in 1987 by Don and Patricia Hedger.
 - Don earned a degree in electrical engineering at the University of North Dakota.
 - Worked at Sperry Flight Systems (now part of Honeywell International Inc.) 19 years, designing and selling aviation equipment.
- The Hedgers set an ambitious goal of starting a company in western North Dakota to supply electronic gear to the aerospace industry's giants.



“Our plan was to provide good, steady jobs for the southwestern North Dakota area, to reach out to the schools and their students, to introduce them to something a little different.”
- Patricia Hedger

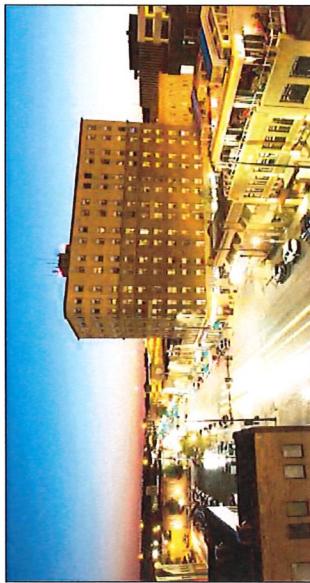
ABOUT KMM

- A Tier 1 leading manufacturer of electronic components for military and aerospace industries.
- Component production includes wire harness assembly, circuit board manufacturing, fiber optic bundle assembly, and more.
- Owns and operates four southwest North Dakota locations employing 500+ employees.
- The only domestic manufacturer of wire harnesses.
- Dedicated to creating job opportunities and building community.



WHY KERRVILLE?

- KMM seeks to expand operations beyond North Dakota headquarters to serve a rapidly growing out-of-state customer base.



- The Hedger family has connections to Kerrville, and Kerrville presents an opportunity for a larger workforce and to be closer to customers and suppliers.
- For expansion, KMM desires to be a part of a smaller community to further pursue their priority of creating opportunities for new and better jobs.

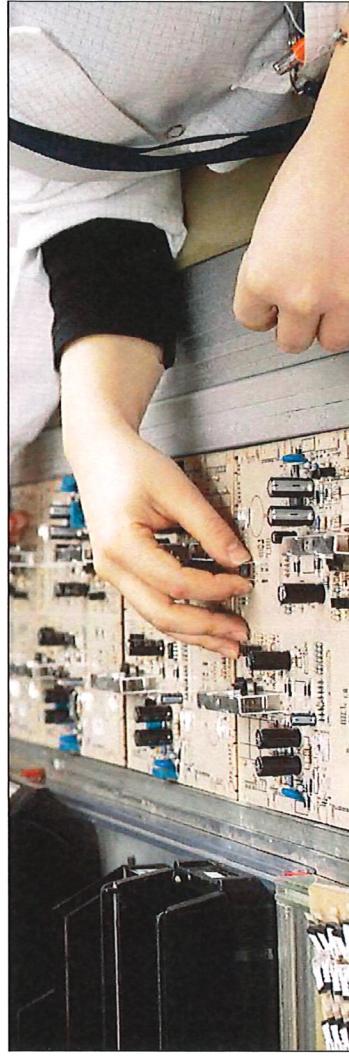
KMM COMMITMENT

- A long term 25 year agreement to ramp up to at least 400 jobs within 20 years – 60% of whom will reside in Kerr County.

Year	Minimum Required FTEs
1	15
2	40
3	60
4	80
5	100
6	120
7	140
8	160
9	180
10	200
11-14	200
15-19	300
20-25	400

KMM COMMITMENT

- Annual FTE count will equate to weekly average number of employees over 52 weeks
- A minimum average annual wage of \$42,612 (\$20.49/hr) beginning in year 1.



- An initial 10 year investment of approximately \$9.5M for building renovation, inventory, equipment, and working capital.

EIC LOCAL MATCHING INCENTIVES

- 44K square foot existing building for manufacturing and office space, purchase cost = \$1.8M (plus closing and due diligence costs estimated at \$40K)
 - Performance lien on building through term of agreement and penalties if employment milestones not met
 - Funded via \$800K in cash from EIC and KPUB short-term loan to EIC for \$1M at 2% interest = \$70K

Date	Principal	Interest	Total	Balance
3/15/2021	10,000	10,000	10,000	1,000,000
9/15/2021	10,000	10,000	10,000	1,000,000
3/15/2022	10,000	10,000	10,000	1,000,000
9/15/2022	10,000	10,000	10,000	1,000,000
3/15/2023	10,000	10,000	10,000	1,000,000
9/15/2023	10,000	10,000	10,000	1,000,000
3/15/2024	10,000	10,000	10,000	1,000,000
9/15/2024	1,000,000	10,000	1,010,000	-
	1,000,000	80,000	1,080,000	

EIC LOCAL MATCHING INCENTIVES

44,000 sqft of warehousing, manufacturing, and office space located on 5+/- acres



3.2+/- acre platted lot with utilities



5275 Highway 27

Airport
Commerce Park

- An EIC forgivable loan allowance to cover a portion of renovations to help bring building up to building code, total allowance = \$250K
 - Loan will be at 2% interest over 10 years, beginning with the first year of operation
 - Annual loan payment will be forgivable if KMM meets minimum FTE employment milestones for years 1-10

CITY LOCAL MATCHING INCENTIVES

- City utility connections, capping of well/septic system, and fire hydrant looping for subdivision to be performed by city, estimated cost = \$150K
- In-kind grant of development costs for building permit fees, annexation/zoning application, and platting (estimated value = \$15K)
- Total estimated EIC/City local matching incentives = \$2.3M
(does not include closing and due diligence costs)

DIRECT RETURN ON INVESTMENT (First 10 Years)*

CAPITAL INVESTMENT

- Estimated KMM capital investment = \$8.3M
- Estimated KMM build out investment = \$1M+
- Estimated City taxes = \$580K

JOBS

- Minimum number of new jobs = 200 (+200 more over following 10 years)
- Estimated company payroll = \$52.6M

**Does not include indirect jobs, sales tax from purchasing power of direct jobs, additional County or KISD taxes, etc.*

PROJECT SCHEDULE

Project announcement

Aug. 13th

Initial presentation of EIC/City incentives

Aug. 17th

KPUB consideration of loan agreement

Aug. 19th

EIC Public hearing & consideration of funding agreements

Aug. 31st

City Council consideration of loan & funding agreements

Sept. 8th

Close on building/property (on or before)

Sept. 25th

RECOMMENDED ACTIONS

1. Call a special meeting and public hearing for August 31st
2. Direct the staff to bring forth all funding agreements for consideration on August 31st

KEBRYILLE

Questions & Comments



EIC Board Meeting
August 13, 2020

**City of Kerrville
Economic Improvement Corporation
FY2021 Budget**

	FY21				
	FY20	Proposed	FY22	FY23	FY24
	Estimated	Budget	Projected	Projected	Projected
Beginning Cash Balance	\$3,921,213	\$1,693,958	\$2,690,608	\$4,748,922	\$6,906,803
Revenue					
Sales Tax	3,749,025	3,511,307	3,581,533	3,653,163	3,726,227
Interest and Miscellaneous	33,624	9,000	12,680	37,489	59,068
Loan Proceeds	1,000,000	-	-	-	-
Total Revenue	4,782,649	3,520,307	3,594,212	3,690,652	3,785,295
Expenditures					
Administrative					
Supplies and Miscellaneous	60	500	500	500	500
Professional Services	-	10,000	10,000	10,000	10,000
KEDC	220,000	197,500	200,000	200,000	200,000
Administrative Services Fee	185,000	185,000	195,000	200,000	205,000
Total Administrative	405,060	393,000	405,500	410,500	415,500
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	253,919	251,344	251,019	250,891	251,206
Debt Service - Series 2012 (River Trail)	251,630	247,830	254,030	249,030	249,030
Debt Service - Series 2015 (KSC)	605,850	603,150	605,350	602,350	605,200
Total Debt Service	1,111,399	1,102,324	1,110,399	1,102,271	1,105,436
Project Contributions					
Legion Lift Station	1,000,000	-	-	-	-
Olympic Drive	894,000	-	-	-	-
Thompson Drive Partners	283,333	283,333	-	-	-
Schreiner River Trail	750,000	-	-	-	-
KFOR - Arcadia	600,000	-	-	-	-
Airport Projects	150,000	225,000	-	-	-
Doyle School	50,000	450,000	-	-	-
Downtown Streetscape	(324,275)	-	-	-	-
Downtown River Trail Feasibility Study	-	50,000	-	-	-
Skymaster	2,090,386	20,000	20,000	20,000	1,020,000
Total Project Contributions	5,493,444	1,028,333	20,000	20,000	1,020,000
Total Expenditures	7,009,904	2,523,657	1,535,899	1,532,771	2,540,936
Net Revenue (Expenditures)	(2,227,254)	996,650	2,058,313	2,157,882	1,244,358
Ending Cash Balance	\$1,693,958	\$2,690,608	\$4,748,922	\$6,906,803	\$8,151,162

Economic Improvement Corporation
Cash Flow Forecast (using COVID-19 assumptions)
As of July 31, 2020

	FY2020 Actual	FY2020 Projected	FY2021 Projected				
			Oct 2019 to July 2020	Aug 2020 to Sep 2020	Oct 2020 to Dec 2020	Jan 2021 to Mar 2021	Apr 2021 to June 2021
			\$ 3,921,213	\$ 2,786,158	\$ 1,693,958	\$ 1,580,491	\$ 1,942,950
Beginning Cash Balance							
Revenue							
Sales Tax	3,108,746	640,279		839,072	901,414	866,793	904,027
Interest Income	31,958	1,667		2,250	2,250	2,250	2,250
Loan Proceeds	-	1,000,000		-	-	-	-
Total Revenue	3,140,704	1,641,946		841,322	903,664	869,043	906,277
Expenditures							
Administrative							
Administrative Fee & Supplies	154,227	30,834		46,500	46,250	46,500	46,250
Professional Services	-	-		-	10,000	-	-
KEDC	220,000	-		49,375	49,375	49,375	49,375
Total Administrative	374,227	30,834		95,875	105,625	95,875	95,625
Debt Service	926,491	184,909		275,581	275,581	275,581	275,581
Projects							
Legion Lift Station	1,000,000	-		-	-	-	-
Thompson Drive Partners	-	283,333		283,333	-	-	-
Schreiner River Trail	750,000	-		-	-	-	-
Olympic Drive	894,000	-		-	-	-	-
KFOR - Arcadia	600,000	-		-	-	-	-
Airport Projects	7,367	142,633		50,000	50,000	-	125,000
Doyle Center	19,063	30,937		250,000	100,000	100,000	-
Downtown Streetscape	(324,275)	-		-	-	-	-
Downtown River Trail Feasibility	-	-		-	-	50,000	-
Skymaster	28,886	2,061,500		-	10,000	-	10,000
Total Projects	2,975,041	2,518,403		583,333	160,000	150,000	135,000
Total Expenditures	4,275,758	2,734,146		954,789	541,206	521,456	506,206
Ending Cash Balance	\$ 2,786,158	\$ 1,693,958		\$ 1,580,491	\$ 1,942,950	\$ 2,290,537	\$ 2,690,608

Project Name	Description	Design			Construction			Comments
		Firm	Contract Amount	Estimated Completion	Contractor	Budget Amount	Estimated Completion	
1 Olympic Drive Extension	Extension of roadway and utilities from existing Olympic Drive to Loon 534	CEC	\$156,000.00	Complete	M5 Utilities	\$2,439,158.81	Nov-2020	Construction commenced in March. Underground utility installation and road subgrade complete.
2 River Trail Extension to Schreiner University	Approximate 1.4 mile trail extension from G Street to Schreiner University and adjacent neighborhood	Hawitt Engineering	\$102,980.00	Complete	JK Bernhard	\$1,219,895.93	Aug-2020	Concrete paving of trail approximately 98% complete. Erosion control measures being installed. Construction completion anticipated early September.
3 Aquatics Center Feasibility Study	Assessment of the Olympic Pool complex to include public/stakeholder meetings and recommendations for enhancement	MarmontMok	\$85,000.00	Mar-2020	N/A	N/A	N/A	Community presentation rescheduled due to pandemic.
4 Thompson/Spur 98 Infrastructure Ext.	Execution of water and wastewater infrastructure along the Spur 98 corridor to the Landing development	Private	Private	Partnership	Partnership	Fall 2020	TBD	Most of the off-site utility work has been completed, inspected, and accepted. The Landing has begun to "go vertical" with construction of several multi-family housing units, and will likely be ready for occupancy in late 2020.
5 Doyle Community Center Improvements	Significant enhancements to the building and site work to add functionality	Peter Lewis Architects	Private	Fall 2020	TBD/private	TBD/private	TBD	The design effort is underway.
6 KERV Airport Improvements	Partnership with KERV, TxDOT, City and County to build T-Hangars, Box Hangars, and other building improvements	TBD	TBD	TBD	TBD	TBD	TBD	Partnership Agreement approved Fall 2019. KERV working with TxDOT for T-hanger design effort. City and KERV working on demolition of "Horsehoe Building," KERV working on Box Hangar site work.
7 Arcadia Renovations	\$2.3 million renovation of Arcadia Theater by Kerrville 4th on the River Group	TBD	TBD	TBD	JK Bernhard	~\$2.2 million	Fall 2020	Construction began Fall 2019. Construction near completion with public opening anticipated for Fall 2020.