



ECONOMIC IMPROVEMENT CORPORATION AGENDA
NOVEMBER 15, 2021, 5:00 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.

1 CALL TO ORDER:

2 INVOCATION:

3 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.

4 APPROVAL OF MINUTES:

- 4.A. Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 18, 2021.

Attachments:

[EIC Minutes 10-18-2021.pdf](#)

- 4.B. Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 25, 2021.

Attachments:

[EIC Minutes 10-25-2021.pdf](#)

5 MONTHLY REPORTS:

- 5.A. Kerr Economic Development Corporation (KEDC) Update.
- 5.B. Kerrville Economic Improvement Corporation (EIC) Project Status Update.
- 5.C. Monthly Financial Report.

Attachments:

[October 2021 financial presentation.pdf](#)

6 CONSIDERTION AND POSSIBLE ACTION:

- 6.A. EIC Application for Funding for Peterson Health expansion.

Attachments:

[Peterson Health EIC Application 11-11-2021.pdf](#)

- 6.B. Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

Attachments:

[Lienholders Agreement_EIC Dacotah Bank_111221.pdf](#)

- 6.C. Discussion to cancel or reschedule the regular Economic Improvement Corporation (EIC) meeting on December 20, 2021.
- 6.D. Discussion to reschedule the Economic Improvement Corporation (EIC) meeting for January 17, 2022 as meeting falls on Martin Luther King Holiday.

7 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:

- 7.A. EIC Application for Funding for Peterson Health expansion.
- 7.B. Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

8 POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

9 ITEMS FOR FUTURE AGENDAS:

10 ANNOUNCEMENTS:

11 ADJOURN.

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: 11/12/2021 at 4:30 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

Revised 11/12/2021 at 5:05 pm. Kesha Franchina, Deputy City Secretary



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



SUBJECT: Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 18, 2021.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 18, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS: [EIC Minutes 10-18-2021.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 18, 2021.

RECOMMENDED ACTION:

Approve minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 18, 2021.

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION (EIC)
REGULAR MEETING – OCTOBER 18, 2021**

On Monday, October 18, 2021, at 4:00 p.m., the regular meeting of the City of Kerrville, Texas Economic Improvement Corporation, was called to order by President Gregory Richards, in the Council Chambers at City Hall, 701 Main Street, Kerrville, Texas.

MEMBERS PRESENT:

Gregory Richards, President
Danny Almond, Vice President
Gregg Appel
Don Barnett
Kim Clarkson, Councilmember, Place 2
Gary Cochrane
Maggie Megee

MEMBERS ABSENT: None.

CHIEF EXECUTIVE STAFF PRESENT:

E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Shelley McElhannon, City Secretary
Kesha Franchina, Deputy City Secretary
Julie Behrens, Director of Finance
Trina Rodriguez, Assistant Director of Finance
Stuart Barron, Director of Public Works

VISITORS PRESENT:

Gil Salinas, Kerrville Economic Development Corporation (KEDC), (ZOOM)
Larry Howard, Arcadia Live! Theatre
Anne Overby, Arcadia Live! Theatre
Judy Eychner, Councilmember Place 3
Delayne Sigerman

COVID safety protocols were observed during this meeting.

1 **CALL TO ORDER:** President Richards called the meeting to order at 4:00 p.m.

2 **INVOCATION:** Greg Appel led the invocation.

3 **VISITORS / CITIZENS FORUM:**

Citizen Speakers:
Delayne Sigerman
Judy Eychner

4 **APPROVAL OF MINUTES:**

4.A. Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 18, 2021.

Danny Almond motioned to approve the minutes as presented, Maggie Megee seconded, and the motion passed 7-0.

5 **MONTHLY REPORTS:**

5.A. Kerr Economic Development Corporation (KEDC) Update

Gil Salinas presented the KEDC updates and responded to questions, through ZOOM.

5.B. Kerrville Economic Improvement Corporation (EIC) Project Status Update

EA Hoppe presented the EIC Project Status Update handout and responded to questions. President Richards requested an updated project status report for the fiscal new year.

5.C. Monthly Financial Report

Trina Rodriguez presented the Monthly Financial Report. Trina Rodriguez, Julie Behrens, and EA Hoppe responded to questions.

Danny Almond motioned to go into executive session under 551.071 (consultation with attorney) and 551.087 (deliberation regarding economic development negotiations), Greg Appel seconded, and the motioned passed 7-0. President Richards adjourned into closed executive session at 4:31 p.m.

6 EXECUTIVE SESSION:

6.A. Economic Development Incentive Agreement between Kerrville's 4th on the River, Inc. Arcadia Live!) and the City of Kerrville, Texas Economic Improvement Corporation.

President Richards adjourned the closed executive session and the meeting returned to open session at 4:57 p.m. Gary Cochrane motioned to set a public hearing regarding revised funding agreement for Kerrville's 4th on the River – Arcadia Live!, for Monday, October 25, 2021 at 4:00 p.m. Greg Appel seconded, and the motion passed 7-0.

Gary Cochrane motioned to go into executive session under 551.087 (deliberation regarding economic development negotiations), Maggie Megee seconded, and the motion passed 7-0. President Richards adjourned into closed executive session at 4:59 p.m.

6.B. Project Apple (551.087).

President Richards adjourned the closed executive session and the meeting returned to open session at 5:16 p.m. No action was taken.

7 POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

See 6.A. above.

8 ITEMS FOR FUTURE AGENDAS: None.

9 ANNOUNCEMENTS: None.

10 ADJOURN. President Richards adjourned the meeting at 5:16 p.m.

Minutes Approved: _____

President Greg Richards: _____

Attest: Kesha Franchina, Deputy City Secretary: _____



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



SUBJECT: Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 25, 2021.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 26, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS: [EIC Minutes 10-25-2021.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 25, 2021.

RECOMMENDED ACTION:

Approve minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 25, 2021.

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION (EIC)
MEETING – OCTOBER 25, 2021**

On Monday, October 25, 2021, at 4:02 p.m., the meeting of the City of Kerrville, Texas Economic Improvement Corporation, was called to order by Vice President Danny Almond, in the Council Chambers at City Hall, 701 Main Street, Kerrville, Texas.

MEMBERS PRESENT:

Gregory Richards, President
Danny Almond, Vice President
Gregg Appel
Don Barnett
Kim Clarkson, Councilmember, Place 2
Gary Cochrane

MEMBERS ABSENT:

Maggie Megee

CHIEF EXECUTIVE STAFF PRESENT:

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

COVID safety protocols were observed during this meeting.

1 **CALL TO ORDER:** Vice President Almond called the meeting to order at 4:02 p.m.

2 **INVOCATION:** Vice President Almond led the invocation.

3 **VISITORS / CITIZENS FORUM:** None.

4 **PUBLIC HEARING AND POSSIBLE ACTION:**

4.A. Amendment to the Economic Development Incentive Agreement between Kerrville's 4th on the River (DBA Arcadia Live!) and the City of Kerrville, Texas, Economic Improvement Corporation.

Mike Hayes presented the amendment and responded to questions.

President Richards opened the public hearing at 4:04 pm. No citizen speakers were present to speak and President Richards adjourned to public hearing at 4:05 pm. Vice President Almond motioned to approve the amendment to the Economic Development Incentive, Greg Appel seconded, and the motioned passed 6-0.

5 **CONSIDERATION AND POSSIBLE ACTION:**

5.A. Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

Mike Hayes tabled the Lienholders agreement for the next meeting in November 2021.

6 **EXECUTIVE SESSION:** None.

7 **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:** None.

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

9 **ADJOURN.** President Richards adjourned the meeting at 4:05 pm.

Minutes Approved: _____

President Greg Richards: _____

Attest: Kesha Franchina, Deputy City Secretary: _____



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



SUBJECT: Kerr Economic Development Corporation (KEDC) Update.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 18, 2021

SUBMITTED BY: Gil Salinas

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

No Action.



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



SUBJECT: Kerrville Economic Improvement Corporation (EIC) Project Status Update.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 18, 2021

SUBMITTED BY: EA Hoppe

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

Economic Improvement Project update.

RECOMMENDED ACTION:

No Action.



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



SUBJECT: Monthly Financial Report.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Nov 12, 2021

SUBMITTED BY: Trina Rodriguez

EXHIBITS: [October 2021 financial presentation.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

Monthly financial report for the month ending October 31, 2021 will be presented by staff.

RECOMMENDED ACTION:

Information only; no action required.



Financial update for the month ended October 31, 2021

**Economic Improvement Corporation Meeting
November 15, 2021**



Economic Improvement Corporation
Statement of Activities
Month Ended October 31, 2021

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Remaining Budget
Revenues					
Sales and Use Tax	\$ 4,223,000	\$ 365,850	\$ 365,850	8.7%	\$ (3,857,150)
Interest Income	9,665	144	144	1.5%	(9,521)
Total Revenues	4,232,665	365,994	365,994	8.6%	(3,866,671)
Expenditures					
Administrative					
Office Supplies	500	-	-	0.0%	500
Professional Services	10,000	-	-	0.0%	10,000
Administrative Services Fee	195,000	16,250	16,250	8.3%	178,750
Kerr Economic Development Corp.	312,500	78,125	78,125	25.0%	234,375
Total Administrative	518,000	94,375	94,375	18.2%	423,625
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	251,019	20,918	20,918	8.3%	230,101
Debt Service - Series 2020 Ref (River Trail)	233,000	19,417	19,417	8.3%	213,583
Debt Service - Series 2015 (KSC)	605,350	50,446	50,446	8.3%	554,904
Total Debt Service	1,089,369	90,781	90,781	8.3%	998,588
Projects					
Airport Projects	338,134	-	-	0.0%	338,134
Arcadia Live	400,000	-	-	0.0%	400,000
Total Projects	738,134	-	-	-	338,134
Total Expenditures	2,345,503	185,156	185,156	7.9%	2,160,347
Change in Net Position	\$ 1,887,162	\$ 180,838	\$ 180,838		

Economic Improvement Corporation
Cash Flow Forecast
As of October 31, 2021

	FY2022 Actual	FY2022 Projection			
	Oct 2021	Nov 2021 to Dec 2021	Jan 2022 to Mar 2022	Apr 2022 to Jun 2022	Jul 2022 to Sep 2022
Beginning Cash Balance	\$ 2,738,631	\$ 2,920,538	\$ 3,168,825	\$ 3,805,557	\$ 4,425,743
Revenue					
Sales Tax	365,850	662,702	1,036,157	1,019,612	1,208,104
Interest Income	144	2,272	2,416	2,416	2,416
Total Revenue	365,994	664,974	1,038,573	1,022,028	1,210,521
Expenditures					
Administrative					
Administrative Fee & Supplies	16,250.00	32,625	48,875	48,875	48,875
Professional Services	-	2,500	2,500	2,500	2,500
KEDC	78,125	-	78,125	78,125	78,125
Total Administrative	94,375	35,125	129,500	129,500	129,500
Debt Service	90,781	181,561	272,342	272,342	272,342
Projects					
Airport Projects	-	-	-	-	-
Arcadia Live	-	200,000	-	-	200,000
Total Projects	-	200,000	-	-	200,000
Total Expenditures	185,156	416,686	401,842	401,842	601,842
Ending Cash Balance	\$ 2,920,538	\$ 3,168,825	\$ 3,805,557	\$ 4,425,743	\$ 5,034,421

Financial Analysis

Project Analysis as of October 31, 2021			
Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Committed Projects:			
Airport Projects	375,000	7,367	367,633
Arcadia Live	400,000	-	400,000
Committed Project Total	\$ 775,000	\$ 7,367	\$ 767,633

Sales Tax Revenue Analysis - FY2022					
Month	Actual FY2021	Budget FY2022	Actual FY2022	FY2021 vs. FY2022	Budget vs. Actual
October	\$ 311,718	\$ 296,424	\$ 365,850	17.37%	23.42%
November	376,028	357,572	419,098	11.45%	17.21%

Cash Analysis as of October 31, 2021		
by Type - Placement - Amount		
Type	Placement	Amount
Short Term	EIC TexPool	\$ 2,920,538
Investment	Total Cash and Investments	\$ 2,920,538



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



SUBJECT: EIC Application for Funding for Peterson Health expansion.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Nov 08, 2021

SUBMITTED BY: EA Hoppe

EXHIBITS: [Peterson Health EIC Application 11-11-2021.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	E - Economic Development
Guiding Principle	E12. Nurture continued growth and quality of the medical/health care industry in Kerrville
Action Item	E12.4 -Work with the hospitals to address their expansion needs/requirements

SUMMARY STATEMENT:

The Kerrville Economic Improvement Corporation has received a Funding Application (attached) from Peterson Health in regards to the potential expansion of their campus with Kerrville's Strategic Catalyst Area #2, often referred as the "medical district." Person Health is the largest employer within Kerr county and the city of Kerrville. The citizens of Kerrville recognized the importance of Peterson Health to the local economy by specifically identifying two key action items within the Kerrville 2050 Comprehensive Plan (Economic Development; Nurture continued growth and quality of the medical/health care industry; E12.1 - Promote the growth and expansion of the hospital and the medical industry, E12.4 - Work with the hospital to address their expansion needs/requirements) Peterson Health representatives will be on hand Monday to present their request and answer questions.

RECOMMENDED ACTION:

Consider the EIC Application for Funding for Peterson Health expansion and potentially set a Public Hearing date.

**APPLICATION FOR 4B SALES TAX FUNDS
CITY OF KERRVILLE
ECONOMIC IMPROVEMENT CORPORATION**

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

**City of Kerrville Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028
830.257.8000**

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

**APPLICATION
SECTION 1 - DEFINITIONS**

Clawback- That provision in a Funding Agreement, which states how and to what extent any incentive payments from public funds must be repaid if the stated Performance Standards are not met.

Current Payroll- The company's total expenditure for all employees for the month immediately preceding this application multiplied by 12.

Employee Benefit- Incentives offered to employees and paid for by the employer such as health care coverage, vacation, etc. If an employee pays 30% of the cost, or more, it should not be considered a "benefit" for purposes of this application.

Full Time Job- The employment of a person for a minimum of 35 hours per week and offering that person all those benefits adopted by company policy for Full Time Employees. Major stockholders or immediate family members should not be included in this number when considering "New Full-Time Jobs Created."

Hourly Wage- The gross amount paid to the employee for each hour worked not including the Employer's portion of FICA or FWH. Benefits should not be included in this figure, but should be listed separately under the compensation per employee section of the application.

Part-Time Job- A person working less than 35 hours per week. Major stockholders or immediate family members should not be included in this category when completing the application under New Part-Time Jobs Created.

Funding Agreement- a written document designed to protect the interest of local taxpayers by putting a businesses' job creation or capital investment commitments in writing and by linking the payment of any financial incentive to the business fulfilling its written commitments (i.e. clawbacks).

Public Capital Project- Improvements owned and maintained by the City of Kerrville included in the Capital Improvement Plan and funded by the capital budget.

SECTION II - APPLICANT INFORMATION

Submittal Date: 11 / 11 / 2021

Company Name: Sid Peterson Memorial Hospital d.b.a. Peterson Health

Address (City/State): 551 Hill Country Drive Phone 830.258.7366

Attn: Administration Fax 830.258.7574

<u>Kerrville</u>	<u>TX</u>	<u>78028</u>
City	State	Zip Code

Name of Company Contact on this project:

Cory Edmondson, President and CEO

Contact Address (if different from above):

Phone _____

Fax _____

City	State	Zip Code
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Type of Business Structure: Corporation ☒ Partnership ☐ Sole Proprietorship ☐

Year Business Started: Year 1989 Location 710 Water Street
originally 1949

Current Employment: Permanent Full-Time 1048 Permanent Part-Time 92

Average Production Wage \$29.17

Full-Time Employees receive the following benefits:

Medical, Dental, Pharmacy, 401k and Paid Time Off (PTO)

Financial Information: Five Years Annual Financials Attached Enclosed

Include: Statement of profit and loss; Balance sheet; Cash Flow
Statement; IRS reporting forms, Pro forma

Annual Sales for Corporation / Company \$ 172,427,085 for fiscal year ending 6/30/2021

This Facility \$ Same as above

Local Sales Tax paid Annually \$ Not Applicable

Current Payroll \$ 79,143,384 in Salaries and Wages and \$15,295,488 in benefits and taxes.

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

SECTION III- PROJECT INFORMATION

This application is for a:

Business Development (X)

- Expansion of Existing Facility () or
- New Construction (X)
- Other ()

Quality of Life Improvement ()

- Parks, Open Space ()
- Other ()

Capital Improvements for Public Infrastructure

- Utilities (X)
- Roadways (X)
- Other ()

The proposed improvements are to be located within the following taxing district(s): City of Kerrville () Kerr County () Kerrville ISD (X)

Ingram ISD () Center Point ISD () *Application in process for annexation of approx 157 acres

SECTION IV - PROJECT DESCRIPTION (Attached)

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City

of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A- Project Investment in Improvements

Total	\$ 43,918,867
Sq. Footage of New Building (s)	Approx 43,500 square feet
Size of Parking	110 spaces plus approx 163 spaces in parking lot addition
Other	

Part B- Project Investment in Fixed Equipment

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

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

Anticipated Number of New Full-Time Employees as a result of this project ⁶⁵ _____
Anticipated Number within 12 months of Completion of this project ²⁵ _____
Anticipated Number within 24 months of Completion of this project ^{50 (includes 25 from first 12 months)} _____
Typical Job Descriptions or Job Titles
Medical Office Receptionist, Medical Assistant, Clinic Supervisor Licensed Vocational Nurse,
Registered Nurse, Practice Manager plus additional jobs related to surgical services, imaging/radiology,
physical, occupational and speech therapy.

Anticipated starting salaries of these employees: (avg.) \$ 23.12 /hour

Part D- Permanent Part-Time Employment Estimates- *Only Full-Time Equivalents considered in projections (do not include owners, stockholders or their dependents)

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

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

Part E- Payroll Impact

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

\$ 2,404,480

FTE X Avg. Wage X 40 hrs X 52 wks

\$ Only Full-Time Equivalents considered in projections

PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI- OTHER ASSISTANCE

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

No (X) Yes ()

Describe:

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

Cory Edmondson

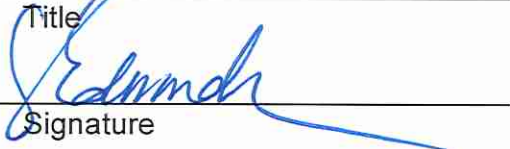
Printed name

11-11-2021

Date

President and CEO

Title



Signature

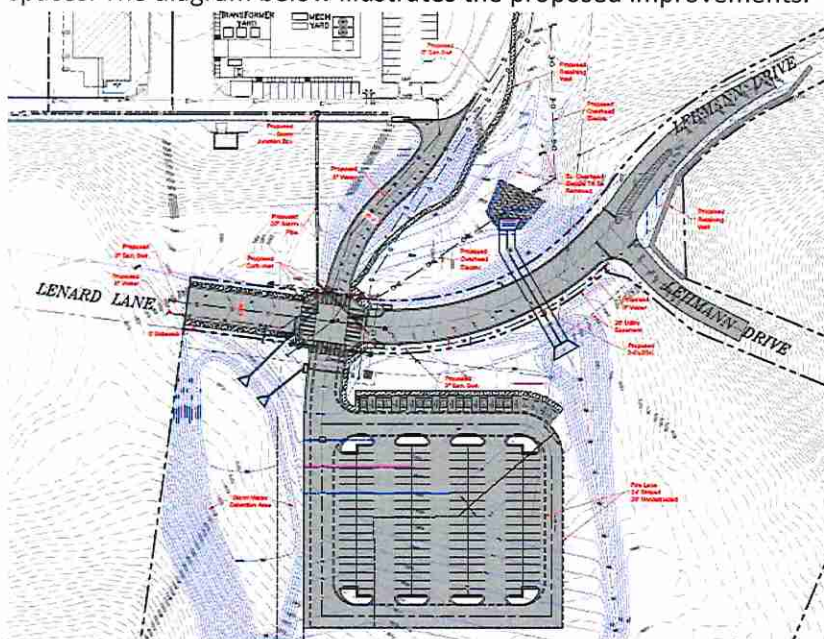
November 11, 2021

Dear Economic Improvement Corporation Board of Directors,

In late 2019, Peterson Health engaged a consultant to assist in developing a facility master plan. The intent behind developing this plan was to ensure we have the physical infrastructure/facilities needed to accommodate continued growth and to meet the needs of Kerrville and surrounding communities. One of the major items identified in the plan was the need for additional outpatient and ambulatory surgery space. Moving forward with the development of the Amanda and J. David Williams Surgery Center will create additional surgical space and make room at the Pevehouse Ambulatory Care Center (ACC) to accommodate expanding service lines such as imaging and physical therapy. Peterson's total project investment, including improvements to the ACC, is approximately \$43.9 million.

The new three-story, 43,500 square foot Amanda and J. David Williams Surgery Center will be on Peterson Health's main campus, located on Hill Country Drive. This is in **Kerrville's Medical District**- an identified **Strategic Catalyst Area according to the Kerrville 2050 plan**. The center will boast four operating rooms, four endoscopy suites, a procedure room, numerous ancillary spaces, a conference room, and provider clinic space. Since the new surgery center will be constructed on an existing parking lot of the hospital, there is a need for an additional parking lot to accommodate the spaces that will be lost. Peterson Health recently purchased approximately 157 acres behind the hospital to accommodate this parking lot and future growth as further development on the mostly developed existing main campus would be challenging at best.

The proposed parking lot behind the hospital will accommodate approximately 163 additional parking spaces. The diagram below illustrates the proposed improvements.



The total proposed improvements for the site behind the hospital that will house the new parking lot (road, sidewalk, utility and lot construction) are approximately \$2.8 million. Please note this is only for the site behind the hospital and does not include any costs associated with the proposed site for the new surgery center. The Preliminary Engineer's Opinion of Probable Construction Cost (PEOPCC) for public and private improvements are as follows:

PUBLIC IMPROVEMENTS		PRIVATE IMPROVEMENTS	
Demolition	\$ 27,600.00	Demolition	\$ 1,320.00
Paving	\$ 345,060.83	Paving	\$ 433,967.28
Sanitary Sewer	\$ 83,863.50	Sanitary Sewer	\$ 6,177.50
Water	\$ 127,034.00	Water	\$ 3,000.00
Gas	\$ 137,700.00	Gas	\$ -
Storm Sewer	\$ 324,895.00	Storm Sewer	\$ 42,470.00
Dry Utilities	\$ 79,665.00	Dry Utilities	\$ 32,760.00
Grading Material	\$ 90,773.52	Grading Material	\$ 339,619.91
Miscellaneous	\$ 410,000.00	Miscellaneous	\$ 284,500.00
TOTAL	\$ 1,626,591.85	TOTAL	\$ 1,143,814.69

Making an investment in these improvements now will allow Peterson to build the needed parking spaces that will be lost due to the construction of the new surgery center. In addition, it will pave the way for continued future growth and development of Kerrville's Medical District and the land recently acquired by Peterson Health. I thank you in advance for your consideration of this funding request.

Sincerely,



Cory Edmondson, FACHE
President and CEO



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



SUBJECT: Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Nov 08, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS: [Lienholders Agreement_EIC Dacotah Bank_111221.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

Killdeer is working with its bank on a loan for its building across from the airport. The bank will be making a loan secured by a lien junior to the EIC's existing deeds of trust (liens). Thus, the bank would like EIC to enter into the attached Lienholders Agreement which sets out actions that the EIC needs to take – notice, etc. – so that the bank can protect its interests in the loan, prior to any foreclosure and potential sale by EIC. It's a typical agreement that is sometimes entered into between senior and junior lien holders as the request of the junior lien holders, which basically sets out expectations of each, as both have liens on the same property interests. The EIC's attorney will review the agreement with the EIC and answer any questions.

RECOMMENDED ACTION:

Consider Lienholders Agreement between EIC and Dacotah Bank concerning monetary

grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

Lienholders Agreement

This Lienholders Agreement (“**Agreement**”) is dated November ____, 2021, between City of Kerrville, Texas Economic Improvement Corporation, (“**EIC**”) whose address is 701 Main Street, Kerrville, Texas 78028, and Dacotah Bank (“**Dacotah**”) whose address is 410 W. Villard, P.O. Box 1037, Dickinson, North Dakota 58602.

Recitals

A. EIC has made monetary grants to Prairie Gold Real Estate LLC (“**Borrower**”) (dba Killdeer Mountain Manufacturing) evidenced by (1) a note dated September 25, 2020, executed by Prairie Gold Real Estate LLC payable to the EIC in the original principal amount of \$1,793,600.00 secured by a deed of trust on Property 1 recorded in Document No. 20-07186 of the Official Public Records of Kerr County, Texas; and (2) a note dated September 25, 2020, executed by Prairie Gold Real Estate LLC payable to the EIC in the original principal amount of \$250,000.00, secured by a deed of trust on Property 2 recorded in Document No. 20-07187 of the Official Public Records of Kerr County, Texas (collectively the “**EIC Grants**”). Dacotah will make a loan to Borrower in the original principal amount of \$2,230,400.00, secured by a deed of trust on Property 1 and Property 2 to be recorded in the Official Public Records of Kerr County, Texas (the “**Dacotah Loan**”) to improve the Properties. Property 1 and Property 2 are described as:

Property 1: All that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, being Lot 1, Block 1, Kerrville Airport Commerce Park, Phase 1, according to the plat of record in Volume 7, Page 220, Plat Records of Kerr County, Texas.

Property 2: All that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, comprising 5.00 acres, more or less, out of O.V. Robinson Survey No. 44, Abstract No. 282, being the same and identical property conveyed in Volume 1189, Page 393, Real Property Records of Kerr County, Texas; and being more particularly described by metes and bounds on Exhibit “A” attached.

Property 1 and Property 2 may be referred to collectively as the “**Properties**”.

B. EIC and Dacotah, each separately, have required Borrower to grant liens on Property 1 and Property 2 to separately secure the EIC Grants and the Dacotah Loan (collectively referred to as “**Common Collateral**”). The lien of Dacotah (“**Dacotah Lien**”) will be junior and subordinate to the liens of EIC (“**EIC Liens**”) unless EIC and Dacotah agree otherwise in writing.

Terms

In consideration of the above, the mutual agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree:

1. No Open-Ended Features and No Future Advances. The EIC Grants are not open-ended and have been fully advanced.

2. No Early Call or Demand Provisions. EIC agrees that documents evidencing the EIC Grants and the EIC Liens do not contain an early call feature or any provision which allows EIC to make demand under the EIC Grant other than when there is a default under its EIC Grant documents.

3. No Cross-Collateralization. EIC agrees that the Common Collateral will only secure the EIC Grants and the Common Collateral is not currently, and will not be used, as security for any other financing provided by EIC to Borrower that purports to be in a superior position to that of the Dacotah Lien, unless authorized in writing by Dacotah.

4. No Cross-Default. During the term of the Dacotah Loan, EIC will not exercise any cross-default, “deem at-risk,” or any other provisions in documents evidencing the EIC Grants or EIC Liens which allow EIC to make demand on the EIC Grants prior to maturity unless the EIC Grants are in default.

5. Marshaling of Assets. If EIC takes additional collateral as security for the EIC Grants, in the case of liquidation, any proceeds received from such additional collateral, must be applied to the EIC Grants before the proceeds from the liquidation of the Common Collateral held by Dacotah and EIC. If the additional collateral no longer exists at the time

of liquidation, or has insufficient value to justify the cost of collection, then EIC does not have to liquidate such collateral, provided EIC notifies Dacotah in writing.

6. Notice of Default, Intent to Accelerate, Acceleration, and Foreclosure under the EIC Grants, and Opportunity to Cure. EIC will provide Dacotah with copies of any notices of default, intent to accelerate, acceleration, and posting of the Properties for foreclosure following the time such notices are provided to Borrower, but in no event later than 10 days prior to any foreclosure sale of the Common Collateral. Dacotah may, but is not obligated to, cure any defaults under the EIC Grants under the same terms and conditions as Borrower may cure such defaults, but in any event, must do so prior to the date of foreclosure.

7. EIC's Possible Sale of Grants. EIC agrees:

7.1. If EIC sells one or more of the EIC Grants (other than when liquidating one or more of the EIC Grants), then EIC must provide Dacotah, within fifteen (15) days of the sale, with written notice of the purchaser's name, address and telephone number and confirmation that the purchaser has received a copy of this Agreement.

7.2. If one or more of the EIC Grants is in default and EIC, as part of its liquidation strategy,

7.2.1. proposes to sell one or more of the EIC Grants, or

7.2.2. receives an offer from a third party, then EIC must provide Dacotah with the option to purchase one or more of the EIC Grants at the same price offered by the potential purchaser. Dacotah will have fifteen (15) days from receipt of the notice from EIC to exercise its option to purchase one or more of the EIC Grants. If Dacotah does not exercise its option and EIC sells one or more of the EIC Grants, then EIC must provide Dacotah, within fifteen (15) days of the sale, with written notice of the purchaser's name, address, and telephone number, and must provide the purchaser with a copy of this Agreement.

8. Liquidation. If either party determines that either one or both of the EIC Grants or the Dacotah Loan is declared in default, EIC and Dacotah may cooperate in liquidating and/or selling the Common Collateral. If EIC declares the EIC Grants in default and posts one or more of the Properties for foreclosure sale, Dacotah may purchase the EIC Grants and liens securing same, but must express its intention to do so prior to the date of foreclosure. EIC agrees to provide payoff and other information regarding the EIC Grants to Dacotah in connection with any proposed purchase of the EIC Grants.

9. Successors and Assigns. This Agreement will inure to the benefit of and bind the respective parties to this Agreement, and their successors and assigns, including any party acquiring the EIC Grants and EIC Liens by sale, assignment, or other transfer from EIC.

10. Termination. This document will be immediately released and terminated upon the payment in full of either the EIC Grants or the Dacotah Loan.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.

12. Validity of Provisions. If any provision of this Agreement is deemed invalid by a court of competent jurisdiction, all other provisions of this Agreement shall remain valid and enforceable.

13. Authority to Execute Agreement. The persons signing below certify that they have been duly authorized to execute this Agreement on behalf of their respective party.

Signature page follows.

Dacotah Bank

Kyle Klein, Business Banker

City of Kerrville, Texas Economic Improvement Corporation

Greg Richards, President



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



SUBJECT: Discussion to cancel or reschedule the regular Economic Improvement Corporation (EIC) meeting on December 20, 2021.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 18, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Cancel or reschedule the regular Economic Improvement Corporation (EIC) meeting on December 20, 2021.



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



SUBJECT: Discussion to reschedule the Economic Improvement Corporation (EIC) meeting for January 17, 2022 as meeting falls on Martin Luther King Holiday.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Oct 18, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Reschedule the Economic Improvement Corporation (EIC) meeting for January 17, 2022 as meeting falls on Martin Luther King Holiday.



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



SUBJECT: EIC Application for Funding for Peterson Health expansion.

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Nov 08, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Consider the EIC Application for Funding for Peterson Health expansion.



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



SUBJECT: Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).

AGENDA DATE OF: November 15, 2021 **DATE SUBMITTED:** Nov 08, 2021

SUBMITTED BY: Kesha Franchina

EXHIBITS:

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Consider Lienholders Agreement between EIC and Dacotah Bank concerning monetary grants and loans issued by the parties to Prairie Gold Real Estate LLC (dba Killdeer Mountain Manufacturing).