

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

**Regular Meeting
January 18, 2010**

On Monday, January 18, 2010, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:01 p.m. by Bill Crumrine, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

Members Present:

Bill Crumrine, President
Alan Massey, Secretary/Treasurer
Lindsay Duff
Warren Ferguson
Ed Hamilton

Members Absent:

Ben Modisett
Jack Pratt, Vice President

Staff Present

Mindy Wendele, Director of Business Programs
Mike Erwin, Director of Finance
Teri Kinsey, Administrative Assistant to City Secretary
Jennifer Yarbrough, Budget Analyst
Cheri Halford, Capital Improvements Projects Manager

2. INVOCATION:

Given by President Bill Crumrine.

3. VISITORS FORUM:

Mindy Wendele introduced to the Board the new Director of Finance, Mike Erwin. Mr. Erwin advised the Board the he was happy to be with the City of Kerrville and offered his assistance in any way. Mr. Crumrine welcomed Mr. Erwin on behalf of the Board.

4. APPROVE THE MINUTES OF THE DECEMBER 21, 2009, MEETING:

Mr. Duff moved to approve the minutes of the December 21, 2009 meeting; Mr. Ferguson seconded; motion passed 5-0.

5. MONTHLY REPORTS

5A. Monthly financials December 2009

Jennifer Yarbrough presented the December 2009 financials. Mr. Crumrine questioned the cash/investment percentage and believed there was more money than notated in the break down. Ms. Yarbrough pointed out that a new chart had been added to show the investments and percentages with the EIC funds. Mr. Duff commented that he might like to have a meeting with Mr. Erwin concerning the budgeting concepts even though as stated by Mr. Crumrine, the EIC is not in a *crunch* at the moment. Mr. Hamilton also added that he heard state sales taxes are down as well. Mr. Erwin addressed the Board concerning proposed budget cuts and his continued effort to monitor sales tax along with the general fund. Mr. Erwin also offered to schedule appointments with Board members on an as needed basis in order to answer questions that might arise in between meetings.

Mr. Ferguson questioned whether or not the EIC budget should be altered? Mr. Erwin stated that if the Board wishes, the budget can be altered or left the way it is, it was suggested that the Board continue to follow along the same lines as the city at this time. There was discussion in regards to the balance and allocation portions of the financial reports. Mr. Duff wanted explanations as to why the balance sheet did not show a zero (0) balance. Ms. Yarbrough explained to the Board how the allocations worked and that there was no indication that anything was over budget. A portion of the balance sheet attempts to show for corrections from approximately 20 years ago, and that was set up and decided prior to the current financial department. Mr. Hamilton moved to accept the financials as presented; Mr. Ferguson seconded; motion passed 5-0.

5B. EIC Construction project status

Cheri Halford presented the December 2009 construction project status report. Ms. Halford reported everything going smoothly and that she did not foresee any problems arising in the near future. Mr. Ferguson moved to accept the report as presented; Mr. Hamilton seconded; motion passed 5-0.

6. DISCUSSION AND POSSIBLE ACTION:

6A. Mindy Wendele referred back to last months meeting and reviewed the items that the Board wished to discuss and possibly change on the EIC Funding Application beginning with the verification of all documents, reports and statements. This item was added under *Initial Response Team, number 5*. Mindy Wendele also redesigned the *Applicant Information* in Section II and incorporated into that section is list for *Financial Information Required*. This list includes: List of company owners; current financial statements and tax returns for primary owners or shareholders; three years annual financials with profit & loss statement, federal tax returns; proforma – two years financial statements with balance sheet and list of assumptions; reference letters from current financial institutions to include contact person within the institutions; and for corporations, copies of the certificates of incorporation. A *Requested Amount* was added under Section III-Project Information. The information on the remainder of the application stayed the same, just the format was cleaned up and the city's website was updated. At this time Ms. Wendele asked if any board member had any questions or comments to make in regards to the changes. Mr. Duff suggested minimum requirements depending on the type of business, either the amount the applicant put on the table or possibly the number of people in the business. Mr. Ferguson noted that if an individual had a good idea for a business, would that person be considered even though he/she had nothing significant enough to bring to the table and Mr. Duff stated he would *not be* inclined to lend/give the funds. Mr. Ferguson again noted that he would prefer that the requirement remain open. Mindy Wendele advised the Board that the requirements to apply for and receive EIC funds are clearly stated on line and that there has never been a problem in the past in regards to *frivolous* applications. Mr. Hamilton reiterated Mr. Duff's suggestion about the applicant contributing out of pocket funds to the project and asks what the total amount of the investment would be. It was suggested that *Total Project Amount* be added under Section III, right below *Requested Amount*.

The city attorney, Mike Hayes, should be listed as a member of the initial response team. Ms. Wendele informed the Board that as soon as she looks up the statute and sees that the business fall under the guidelines, she forwards the application directly to the City Attorney or his staff. On occasion the Financial Director is brought in as part of the initial response team, depending on the request, and that can be noted as well. Mr. Ferguson voiced his concerns about how well the city staff is able to evaluate potential business sustainability, for example, the working capital and if the business is in good standing financially. EIC has the ability to either loan or grant monies and the concern is whether or not the applicant would be able to pay those monies back and what the probability of success would be for said business.

Mr. Hamilton raised the issue that an applicant might not be willing to apply for a loan/grant due to the amount of personal information that is required. Later in the meeting the Board was reminded that all applicants are aware that the information they provide is subject to public viewing. It was suggested that maybe personal information could be heard in executive session and that would eliminate any chance of private documentation being open to the public. One possible solution that was suggested is the application completely bypass city staff and be presented to the board at the time of the meeting during executive session, if this process would be legal. It was decided that the time frame for proceeding in this manner would not be sufficient in determining whether or not said business is stable or substantial enough for consideration. The fact that the applicant would be outside during executive session would not fair as well, executive session is for staff only. Chairman Crumrine suggested that Mindy Wendele confer with the city attorney on the legalities concerning executive session and who and what can be heard during such, once she finds out she is requested to possibly send an e-mail to the Board notifying them of the city attorney's opinion on this matter before the next meeting. The application will be forwarded to the Board as soon as it becomes available, after it has been approved by city staff. Mr. Massey noted that at looking at the list of projects there were not many private development type projects listed. Mr. Ferguson questioned whether or not something could be published announcing EIC has over a million dollars for business development and that the money is not only for city infrastructure. Mr. Crumrine addressed the Board in regards to the Economic Task Force in which he was appointed to and the mission of that task force, which is to govern, so to speak, the way that money is allocated to the city's infrastructure. This task force would have a great deal to do with how the city and county spent and allocated funds to further our economic development. It was noted by Ms. Wendele that publication of the availability of funds could be postponed given the decisions made by the Economic Task Force. Ms. Wendele asked if any other changes or suggestions for the proposed application. Mr. Duff suggested that under Section II, Type of Business, *Non-Profit* should be added. Additionally, under Section II, Financial Information Required, fourth bullet down, it should read: *Proforma - two years balance sheets with Profit & Loss (P&L) and cash flow statement to include all debt service requirements and a list of all assumptions.* The sixth bullet down should now read: *For Entities; Comptrollers Certificate of Good Standing.* All other questions and concerns brought up by the Board are addressed in other portions of the application.

7. **EXECUTIVE SESSION:**

The Board did not meet in Executive Session.

8. **ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:**

No action was taken.

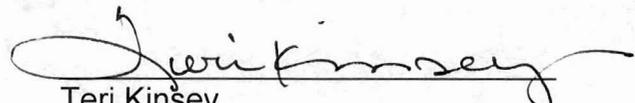
9. **ADJOURNMENT:**

Mr. Ferguson moved to adjourn the meeting; Mr. Hamilton seconded; motion passed 5-0. The meeting adjourned at 5:24 PM.

APPROVED: February 15, 2010



Bill Crumrine
President



Teri Kinsey
Admin. Assist. to the City Secretary