

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, NOVEMBER 21, 2016 AT 4:00 P.M.

KERRVILLE CITY HALL CITY COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, NOVEMBER 21, 2016, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION

1. VISITORS / CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meeting held on October 17, 2016.

3 MONTHLY REPORTS:

3A. Monthly financials for October 2016. (staff)

3B. Projects update. (staff)

Kerrville Sports Complex

4. PUBLIC HEARINGS AND POSSIBLE ACTION:

4A. Funding Agreement with the City of Kerrville for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$1,500,000. (staff)

4B. Funding Agreement with the City of Kerrville and Schreiner University for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$900,000. (staff)

4C. Funding Agreement with the City of Kerrville and Southern Golf Properties for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$600,000. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time November 18, 2016, at 4:30 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Application by the City of Kerrville for improvements to the Tennis Center in the amount of \$1,500,000. (staff)

5B. Cancellation of the regular meeting in December, and selection of a date for the regular January 2017 meeting. (staff)

6. 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 Sections 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:

Sections 551.071 (consultation with attorney), and 551.072 deliberation regarding real property

- River Trail project

7. ITEMS FOR FUTURE AGENDAS

8. ANNOUNCEMENTS

9. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time November 18, 2016, at 4:30 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular meeting held on October 17, 2016.

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING **OCTOBER 17, 2016**

On Monday October 17, 2016, 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 Gary Cochrane, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. The invocation was offered by Mr. Cochrane.

Members Present:

Gary Cochrane, President
Sheri Pattillo, Vice President
Kenneth Early
Paul Stafford
James Wilson

Members Absent:

Delayne Sigerman

City Executive Staff Present:

Todd Parton, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Amy Dozier, Assistant Finance Director
Ashlea Boyle, Assistant Parks Director

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

1. **VISITORS/CITIZENS FORUM:** No one spoke.

2. **APPROVAL OF MINUTES:**

2A. Mr. Early moved to approve the minutes for the September 19, 2016 meeting. Mr. Wilson seconded, and the motion passed 5-0.

3. **MONTHLY REPORTS:**

3A. Monthly financials for September 2016:

Ms. Dozier reported a cash balance on September 30, 2016 of \$4,289,843. She reviewed the capital projects and noted a balance of \$1,590,991.

3B. Projects update.

Kerrville Sports Complex

Mr. Parton reported that the contract work commenced in August. J3 Company was completing base compaction for parking lot and roads for both sides of the complex., as well as installing curbs and water and sewer lines. Mid-America Sports completed final grading for the baseball, softball and soccer fields, with preparations to initiate irrigation

installation scheduled during the week of October 17, 2016. JK Bernard was nearing completion of masonry walls of the main soccer building, with concrete placed for second soccer building and foundation rough-in underway for baseball/softball buildings. DW Electric was installing conduits for field lights, bases for new soccer lights and components being delivered for all sports lighting. Estimated completion remains July/August 2017.

4. EXECUTIVE SESSION:

Ms. Pattillo moved for the EIC to go into executive session under Sections 551.071, 551.072 and 551.074 of the Texas Government Code; motion was seconded by Mr. Stafford and passed 5-0 to discuss the following:

Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), and 551.087 (deliberation regarding economic development negotiations):

- River Trail.

At 4:30 p.m. the open session recessed and the EIC went into executive session at 4:30 p.m. At 4:41 p.m. the executive session recessed and the EIC returned to open session at 4:41 p.m. Mr. Cochrane announced that no action was taken in executive session.

6. ITEMS FOR FUTURE AGENDAS: None

7. ANNOUNCEMENTS: None

8. ADJOURNMENT

The meeting was adjourned by Mr. Cochrane at 4:41 p.m.

APPROVED: _____

Gary Cochrane, President

ATTEST:

Cheryl Brown
Deputy City Secretary

Agenda Item:

3A. Monthly financials for October 2016. (staff)

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

SUBJECT: EIC Financials ending October 31, 2016

FOR AGENDA OF: November 21, 2016 **DATE SUBMITTED:** November 14, 2016

SUBMITTED BY: Sandra G. Yarbrough
Director of Finance

CLEARANCES: EA Hoppe
Deputy City Manager

EXHIBITS: Monthly Financials

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

EIC operating fund sales tax revenue received for October 2016 was \$264,806 compared to \$227,707 received in October 2015. Interest earned was \$1,735 compared to \$607 same period in 2015. EIC capital projects fund had no income.

EIC operating fund had budgeted recurring expense with the exception of an annual payment to Kerr Economic Development Corporation of \$180,000. EIC capital projects fund had no expense.

River Trail project had \$3,500 in expense and received \$667 interest bringing the remaining project balance available to \$974,706.00.

RECOMMENDED ACTION

Staff recommends acceptance of financial report.

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund - Summary
For the month ending October 31, 2016

Beginning Cash Balance		\$3,789,843
Income:		
Sales Tax	\$	264,806
Interest Revenue	\$	1,735
Total Income	\$	<u>266,541</u>
Expenses:		
Administrative Service Fee	\$	8,333
Transfer for Debt Service	\$	92,753
Kerr Economic Development Corp	\$	180,000
Total Expenses	\$	<u>281,086</u>
Revenues Over (Under) Expenditures		<u>\$ (14,545)</u>
Ending Cash Balance		<u><u>\$3,775,298</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expense Statement
For the month ending October 31, 2016

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 3,789,843		\$ 3,789,843		
REVENUE:					
Sales and Use Tax	\$ 3,302,505	\$ 264,806	\$ 264,806	8.02%	\$ 3,037,699
Interest	\$ 5,000	\$ 1,735	\$ 1,735	34.71%	\$ 3,265
TOTAL REVENUE	<u>\$ 3,307,505</u>	<u>\$ 266,541</u>	<u>\$ 266,541</u>	<u>8.06%</u>	<u>\$ 3,040,964</u>
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Local Meetings	\$ 500			0.00%	\$ 500
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 8,333	8.33%	\$ 91,667
Economic Development Governing Body	\$ 180,000	\$ 180,000	\$ 180,000	100.00%	\$ -
Debt Service - River Trail - Series 2011A	\$ 258,456	\$ 21,455	\$ 21,455	8.30%	\$ 237,001
Debt Service - River Trail - Series 2012	\$ 252,863	\$ 21,053	\$ 21,053	8.33%	\$ 231,811
Debt Service - Athlex Complex - Series 2015	\$ 603,417	\$ 50,246	\$ 50,246	8.33%	\$ 553,171
Total Administrative	<u>\$ 1,395,236</u>	<u>\$ 281,086</u>	<u>\$ 281,086</u>	<u>20.15%</u>	<u>\$ 1,114,150</u>
Category I - Business Development					
ED Set Aside	\$ 500,000			0.00%	\$ 500,000
Total Category I	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 500,000</u>
Category II - Quality of Life					
Tennis Center	\$ 750,000	\$ -	\$ -	0.00%	\$ 750,000
Downtown Streetscape Enhancements:	\$ -				\$ -
Water Feature	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
Total Category II	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 1,000,000</u>
Category III - Public Infrastructure					
Housing	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Reuse Distribution Lines	\$ 1,500,000	\$ -	\$ -	0.00%	\$ 1,500,000
Total Category III	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 2,000,000</u>
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 4,895,236</u>	<u>\$ 281,086</u>	<u>\$ 281,086</u>	<u>5.74%</u>	<u>\$ 4,614,150</u>
NET REVENUES TO EXPENDITURES	<u>\$ (1,587,730)</u>	<u>\$ (14,544)</u>	<u>\$ (14,545)</u>		
ENDING CASH BALANCE	Budget \$ 2,202,112		Actual \$ 3,775,298		

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Revenue Analysis - FY16
For the month ending October 31, 2016

Revenue Month	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Actual FY 2017	FY2016 vs FY2017	Budget vs Actual
October	\$ 241,503	\$ 238,933	\$ 227,707	\$ 254,516	\$ 264,806	16.29%	4.04%
November	\$ 234,150	\$ 257,654	\$ 277,653			-100.00%	#DIV/0!
December	\$ 214,424	\$ 251,851	\$ 254,834			-100.00%	#DIV/0!
January	\$ 229,761	\$ 245,845	\$ 255,848			-100.00%	#DIV/0!
February	\$ 296,036	\$ 335,071	\$ 347,778			-100.00%	#DIV/0!
March	\$ 207,869	\$ 223,251	\$ 223,790			-100.00%	#DIV/0!
April	\$ 218,030	\$ 227,065	\$ 237,432			-100.00%	#DIV/0!
May	\$ 268,682	\$ 273,281	\$ 307,046			-100.00%	#DIV/0!
June	\$ 267,530	\$ 255,511	\$ 243,070			-100.00%	#DIV/0!
July	\$ 222,961	\$ 238,328	\$ 249,278			-100.00%	#DIV/0!
August	\$ 266,321	\$ 297,274	\$ 290,011			-100.00%	#DIV/0!
September	\$ 238,926	\$ 256,246	\$ 259,227			-100.00%	#DIV/0!
YTD Total	\$ 2,906,194	\$ 3,100,310	\$ 3,173,673	\$ 254,516	\$ 264,806	16.29%	4.04%

CITY OF KERRVILLE
Economic Improvement Corporation
Capital Projects Fund - Summary
For the month ending October 31, 2016

Beginning Cash Balance		\$ 2,090,991
Income:		
	\$ -	
Total Income:	\$ -	
Expenses:		
Total Expenses:	\$ -	
Revenues Over (Under) Expenditures		\$ -
Ending Cash Balance		<u><u>\$ 2,090,991</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Project Status Summary
For the month ending October 31, 2016

Fiscal Years	Projects	Agreement Commitment	EIC Funded To Date	Total Funded	Expenses to Date	Project Balance
2012-13	Downtown Streetscape	\$ 35,100	\$ 35,100	\$ 35,100	\$ 34,609	\$ 491
2014-15	James Avery	\$ 1,220,000	\$ 1,220,000	\$ 1,220,000	\$ 609,500	\$ 610,500
2014-15	ED Set Aside	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000		\$ 1,000,000
20-15-16	Olympic Pool	\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000
2015-16	Parking Garage	\$ 160,000	\$ 160,000	\$ 160,000		\$ 160,000
2015-16	Planter Boxes	\$ 20,000	\$ 20,000	\$ 20,000		\$ 20,000
2015-16	Street Furniture	\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000
2015-16	Housing	\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000
TOTALS		\$ 4,210,100	\$ 3,480,100	\$ 3,743,574	\$ 2,043,067	\$ 2,090,991

Cash Balance on 10/31/2016 \$ 2,090,991

General Capital Improvement Projects - supported by EIC

Fiscal Years	Projects	Agreement Commitment	Total Funded	Expense To Date	Balance
2011-12	River Trail	\$ 6,000,000	\$ 5,998,350	\$ 5,023,644	\$ 974,706
2011-12	Louise Hays/Lehmann Monroe parks	\$ 2,000,000	\$ 2,600,000	\$ 2,600,000	\$ (0)
Funding Agreement - C2011-76Totals		\$ 8,000,000	\$ 8,598,350	\$ 7,623,643	\$ 974,706

Notes:

6/24/14 - Project adjustments - \$600,000.00 moved from River Trail project to Louise Hays/Lehman Monroe park improvements per EIC and City Council meetings - additional funding to replenish River Trail project to be requested by city staff from EIC at future EIC meeting.

9/22/14 - Project replenished - \$600,000.00 approved at EIC meeting related to Louise Hays/Lehman Monroe park improvements (see note above) reported on 9/30/14 financial report at October 2014 meeting.

Cash and Investments

For the month ending October 31, 2016

Cash and Investment Balances by Fund			
<u>City G/L Fund</u>	<u>Fund Name</u>	<u>Balance</u>	<u>Period</u>
40	Sales Tax Improvement Fund (operating fund)	\$ 3,775,298	10/31/2016
75	EIC Projects Fund (capital projects fund)	\$ 2,090,991	10/31/2016
Total Cash and Investments		\$ 5,866,290	10/31/2016

Cash and Investments by Type - Placement - Amount					
<u>Type</u>	<u>Investment Placement</u>	<u>Amount</u>	<u>Interest Earned</u>	<u>Interest Earned (Annualized)</u>	<u>Period Ending</u>
Cash	Wells Fargo Checking	\$ 2,103,149	\$ -	0.00%	10/31/2016
ST Investment	EIC TexPool	\$ 3,262,397	\$ 1,519.87	0.56%	10/31/2016
Pioneer Bank	CD	\$ 250,744	\$ 215.62	1.03%	10/31/2016
Texas Hill Co Bank	CD	\$ 250,000	\$ -	0.00%	10/31/2016
Total Cash and Investments		\$ 5,866,290	\$ 1,735.49	0.36%	10/31/2016

Agenda Item:

3B. Projects update. (staff)
Kerrville Sports Complex

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

SUBJECT: Projects update

FOR AGENDA OF: Nov. 21, 2016

DATE SUBMITTED: Nov. 18, 2016

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES:



EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

City staff will review the status of the following projects:

1. Kerrville Sports Complex
 - We're 3 ½ months into the project. Mid-America Sports is about 95% complete on the irrigation mains and laterals almost complete in the middle and south soccer. After Thanksgiving we will have both crews on the laterals with RZM starting to come in on
 - Dec 7 or earlier: All backstop poles are installed as well as all the field light bases. Parking lot bases will be set in the next two weeks. Soccer field lights will be set next week. All light poles on site. The concession building and the south soccer building are in the dry with roofer starting next week. J-3 will be finishing up the utilities in the next 30 days. Fence posts are installed on fields 8-11. KPUB has energized all transformers except for the pod for fields 1-4 and the D-Bat building. Primary relocation for this started today. Street lights for Cailloux Blvd are functional but will not be turned on until mid-summer.

RECOMMENDED ACTION

This is an informational report to the EIC Board and no action is required.

Agenda Item:

4A. Funding Agreement with the City of Kerrville for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$1,500,000. (staff)

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

SUBJECT: Public Hearing and consideration of a Funding Agreement with the City of Kerrville for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$1.5 million.

FOR AGENDA OF: Nov. 21, 2016 **DATE SUBMITTED:** Nov. 18, 2016

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Don Davis
Deputy City Manager Interim City Manager

EXHIBITS: Funding Agreement, Engineering Estimate



AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$1,500,000	\$0	\$1,500,000	40-800-975-03

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Attached is a Funding Agreement from the City of Kerrville to fund up to \$1.5 million for the construction of distribution infrastructure to deliver reclaimed water from the city's planned water reclamation storage project to the City of Kerrville Sports Complex. The water will be used for irrigation at the complex.

This Funding Agreement has been submitted as a quality of life project. The City Council reviewed this item in May 2016 and approved staff to develop an application for EIC review. An application was subsequently reviewed and approved with a 7-0 vote by the EIC on September 19, 2016. On October 25, the City Council awarded a construction contract for the construction of a 105 million gallon storage facility for reclaimed water and a new pump station. In addition, the engineering design work for the distribution system has been underway this fall and is nearing completion. Consequently, a Funding Agreement was developed for EIC review for the distribution of reclaimed water.

As discussed in previous meetings and workshops, the EIC has programmed dollars into the FY17 and FY18 budgets for these improvements at \$1,500,000 per year totaling to \$3 million in total for all three reclaimed water distribution lines (Sports Complex, Schreiner University, and Riverhill Golf Course). This allocation in the EIC's budget was included in the FY17 budget that was adopted by City Council on September 27, 2016.

RECOMMENDED ACTION

This is a qualified quality of life project and is an allowable use of 4B sales tax revenues. City Staff recommends holding a public hearing and also recommends approval of the Funding Agreement, per the previous policy direction voted on by the City Council and EIC.

**PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE,
TEXAS ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF
KERRVILLE, TEXAS, FOR THE CONSTRUCTION AND INSTALLATION OF
A RECLAIMED WATER DISTRIBUTION LINE USED FOR THE PROVISION
OF RECLAIMED WATER TO THE CITY'S KERRVILLE SPORTS COMPLEX**

THIS PROJECT FUNDING AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2016, by and between the City of Kerrville, Texas Economic Improvement Corporation ("Corporation"), a Texas non-profit corporation established by the City of Kerrville pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 (otherwise known as the Development Corporation Act of 1979 and hereafter called "the Act"), and the City of Kerrville, Texas ("City"), a Texas home-rule municipality.

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, the EIC may undertake, or provide funding to City to undertake, projects which the EIC finds to be encompassed by the definition of "projects" as that word is defined in Chapters 501 and 505 of the Act; and

WHEREAS, EIC was formed to administer the sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects as defined by the Act, including:

"land, buildings, equipment, facilities, and improvements found by the EIC to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by Section 505.152 of the Act (emphasis supplied); and

WHEREAS, City is in the process of developing an approximate 104 acre tract of land as a sports complex, currently named the "Kerrville Sports Complex"; and

WHEREAS, the Kerrville Sports Complex will consist of eleven fields for baseball and softball use and 20 acres which will be used for soccer fields; and

WHEREAS, all of the fields will consist of grass turf and require irrigation; and

WHEREAS, the City's development and provision of the Kerrville Sports Complex will add another athletic and recreational facility to the City's park system and allow it to market itself to and attract multi-team tournaments;

WHEREAS, City seeks to construct and install the necessary improvements to deliver reclaimed water (effluent) from the City's Water Reclamation Plant to the Kerrville Sports Complex in order to serve the property with reclaimed water for irrigation purposes (the "Project"); and

WHEREAS, the City will also construct and install the necessary improvements to store and utilize the reclaimed water at the Kerrville Sports Complex; and

WHEREAS, by serving the Kerrville Spots Complex with reclaimed water provided by City, the City will use less potable water, which may instead be used for domestic purposes; and

WHEREAS, the Project, estimated to cost at least \$1,500,000.00, will provide the City with a reliable water source for irrigation; and

WHEREAS, the City seeks grant funding from the EIC in the amount of \$1,500,000.00, for the City to use in bidding, awarding, and managing the construction of the Project; and

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

WHEREAS, the EIC finds that the Project includes equipment, facilities, and improvements to be required or suitable for use for professional and amateur sports, including children’s sports, athletic, entertainment, and tourist purposes and events, and related water facilities and other related improvements that enhance any of the items described above; and

WHEREAS, the EIC finds that it will be in the public interest to enter into this Agreement with City to provide sales tax revenues collected pursuant to the Act (“4B Revenues”) to City for costs related to the Project; and

WHEREAS, on November 21, 2016, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditure of 4B Revenues for the Project;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, City and EIC agree as follows:

1. **“Project” Defined:** When used in this Agreement, the phrase “Project” means the project summary and cost itemization specified in **Exhibit A** attached hereto and included herein for all purposes. City will manage the funding it receives from EIC and the bidding and construction of the Project. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC.
2. **Agreement to Fund Portion of Project.** The EIC agrees to provide City an amount up to and not to exceed \$1,500,000.00 in 4B Revenues to be used for the Project.
3. **Payments Authorized:** City is authorized to make payments for the herein described purposes directly from the Sales Tax Improvement Fund (Fund 40) or by making a transfer of 4B Revenues from the Sales Tax Improvement Fund (Fund 40) to one or more funds described in the City’s approved budget.
4. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 3, above, are limited to the payment of “costs” as defined in the Act.

5. **Project Timeline:** The City shall begin construction activities for the Project on or before _____, 2016. Should such activities not occur, EIC may elect to cancel and withhold its pledge of funds for the Project.
6. **Severability:** The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
7. **Amendment:** This Agreement may be amended only by written amendment signed by the parties.
8. **Notices:** All notices given with respect to this Agreement must be in writing and will be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For EIC
President – Gary Cochrane
City of Kerrville, Texas, Economic Improvement Corporation
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

For City
City Manager, City of Kerrville
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

9. **Applicable Law:** This Agreement is governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement is proper only in Kerr County, Texas.
10. **Interpretation:** Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement will therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the parties,

at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.

11. **No Joint Venture:** Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between any or all of the parties.
12. **Parties In Interest:** Nothing in this Agreement shall entitle any party other than EIC, City, or Schreiner to any claim, cause of action, remedy, or right of any term of this Agreement.
13. **Survival of Terms:** All rights, duties, liabilities and obligations accrued prior to termination will survive termination.
14. **Entire Agreement:** This Agreement represents the entire agreement of the parties with respect to the subject matter hereof.

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

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

By: _____
Bonnie White, Mayor

By: _____
Gary Cochrane, President

ATTEST:

ATTEST:

Brenda G. Craig, City Secretary

Cheryl Brown, Secretary for the EIC

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney



CITY OF KERRVILLE
ENGINEERING DEPARTMENT
200 Sidney Baker North
Kerrville, Texas 78028-5069
830.258.1170 / www.kerrvilletx.gov

Date: November 18, 2016

To: EA Hoppe, Deputy City Manager

From: Kyle Burow, P.E., CFM, Director of Engineering

Re: Reclaimed Water Distribution System

The City of Kerrville wishes to extend reclaimed water from the recently approved reuse pond and pump station to several new customers. This project will consist of approximately 31,000 linear feet of distribution lines installed at various points along the existing reuse system to each proposed and existing reuse customer. Existing reuse customers include Schreiner Golf Course, Tivy High School, Comanche Trace Golf Course, and Kerr County Animal Shelter. Proposed new reuse customers include Riverhill Country Club, Schreiner University, and the Kerrville Sports Complex. Each new customer will require the installation of new distribution lines to a predetermined point of delivery to access the reuse water as outlined below.

Riverhill Country Club will utilize an existing reuse main to tie in near the Loop 534 and State Highway 173 intersection. The installation route will proceed northwest along Old FM 689 to Riverhill Blvd. to the point of delivery on the Riverhill golf course for approximately 3,000 linear feet. In addition, the existing main will require a connection to the proposed reuse pond and pump station along Legion Drive sharing some cost of installation with the Schreiner University extension.

Schreiner University will utilize the same existing reuse main along Loop 534 connecting near the Legion Drive intersection. The installation route will proceed approximately 6,000 linear feet along Legion Drive and East Main to a point of delivery near the existing athletic fields.

The Holdsworth extension will tie in to the existing reuse main near the Scott Schreiner golf course at Loop 534. The route will proceed through the golf course and residential streets to Holdsworth Drive where it will continue to the point of delivery at the Kerrville Sports Complex for approximately 15,000 linear feet.

Description	Construction Cost
Riverhill Extension	\$788,000
Schreiner University Extension	\$1,081,000
Holdsworth Extension	\$2,604,000
Other Distribution Upgrades	\$1,471,000
Total Cost	\$5,944,000

The anticipated schedule for the project is:

Engineering Design	December 2016
Construction	January 2017 – December 2017

Agenda Item:

4B. Funding Agreement with the City of Kerrville and Schreiner University for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$900,000. (staff)

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

SUBJECT: Public Hearing and consideration of a Funding Agreement with the City of Kerrville and Schreiner University for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$900,000.

FOR AGENDA OF: Nov. 21, 2016 **DATE SUBMITTED:** Nov. 18, 2016

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Don Davis
Deputy City Manager Interim City Manager

EXHIBITS: Funding Agreement



AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$900,000	\$0	\$1,500,000	40-800-975-03

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Attached is a Funding Agreement from the City of Kerrville to fund up to \$900,000 for the construction of distribution infrastructure to deliver reclaimed water from the city's planned water reclamation storage project to Schreiner University. The water will be used for irrigation at the University.

This Funding Agreement has been submitted as a quality of life project. The City Council reviewed this item in May 2016 and approved staff to develop an application for EIC review. An application was subsequently reviewed and approved with a 7-0 vote by the EIC on September 19, 2016. On October 25, the City Council awarded a construction contract for the construction of a 105 million gallon storage facility for reclaimed water and a new pump station. In addition, the engineering design work for the distribution system has been underway this fall and is nearing completion. Consequently, a Funding Agreement was developed for EIC review for the distribution of reclaimed water.

As discussed in previous meetings and workshops, the EIC has programmed dollars into the FY17 and FY18 budgets for these improvements at \$1,500,000 per year totaling to \$3 million in total for all three reclaimed water distribution lines (Sports Complex, Schreiner University, and Riverhill Golf Course). This allocation in the EIC's budget was included in the FY17 budget that was adopted by City Council on September 27, 2016.

RECOMMENDED ACTION

This is a qualified quality of life project and is an allowable use of 4B sales tax revenues. City Staff recommends holding a public hearing and also recommends approval of the Funding Agreement, per the previous policy direction voted on by the City Council and EIC.

CoK DRAFT 11/15/16

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION; THE CITY OF KERRVILLE, TEXAS; AND SCHREINER UNIVERSITY; FOR THE DESIGN AND CONSTRUCTION OF A RECLAIMED WATER DISTRIBUTION SERVICE LINE TO BE OWNED BY THE CITY AND USED IN CONJUNCTION WITH THE PROVISION OF RECLAIMED WATER TO RIVERHILL GOLF COURSE FOR IRRIGATION PURPOSES

THIS PROJECT FUNDING AGREEMENT is entered into this ____ day of _____, 2016, by and between the City of Kerrville, Texas Economic Improvement Corporation ("EIC"), a Texas non-profit corporation established by City pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 and codified in Chapters 501, 502, and 505 of the Texas Local Government Code, otherwise known as the Development Corporation Act of 1979 ("the Act"); the City of Kerrville, Texas ("City"), a Texas home-rule municipality; and Schreiner University, a Texas nonprofit corporation ("Schreiner").

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, the EIC may undertake, or provide funding to City to undertake, projects which the EIC finds to be encompassed by the definition of "projects" as that word is defined in Chapters 501 and 505 of the Act; and

WHEREAS, EIC was formed to administer the sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects as defined by the Act, including:

"land, buildings, equipment, facilities, and improvements found by the EIC to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by Section 505.152 of the Act (emphasis supplied); and

WHEREAS, Schreiner is an independent liberal arts college offering a variety of four-year and master degrees; and

WHEREAS, Schreiner's campus consists of approximately 170 acres and includes athletic fields; and

WHEREAS, Schreiner is a Division III member of the National Collegiate Athletic Association and supports thirteen different collegiate athletic teams as well as intermural sport programs, most of which use various athletic fields throughout its campus; and

CoK DRAFT 11/15/16

WHEREAS, Schreiner's participation in intercollegiate athletics increases its ability to attract students to the university, causes teams from other schools to come to Kerrville for competitions, and provides an amenity for local sports fans; and

WHEREAS, Schreiner uses a combination of potable water from the City, river (surface) water, and groundwater for irrigating its athletic fields and common areas ("Schreiner's Property"); and

WHEREAS, the irrigation system for Schreiner's Property is an integral component of its athletic or recreational facilities where a variety of turf grasses are required for the sport or activity; and

WHEREAS, over the past several years, Schreiner has sought an alternative water supply due primarily to drought conditions, which at times have meant restrictions to aid in rationing imposed by the City pursuant to its water management plan; and

WHEREAS, City has offered to design, construct, and install the necessary improvements to deliver reclaimed water (effluent) from the City's Water Reclamation Plant to a specific point of delivery in order to serve Schreiner's Property with reclaimed water for irrigation purposes (the "Project"); and

WHEREAS, Schreiner will design, construct, and install the necessary improvements to store and utilize the reclaimed water on Schreiner's Property; and

WHEREAS, by serving Schreiner Property with reclaimed water provided by City, Schreiner will use less potable water, river water, and groundwater, all of which may instead be used for domestic purposes; and

WHEREAS, following the City's design, construction, and installation of the Project, Schreiner will connect its system to the Project and begin using the reclaimed water pursuant to a use agreement with the City, said use agreement to provide terms covering issues to include the maximum peak daily demand, rates, and use requirements; and

WHEREAS, the Project, estimated to cost \$900,000.00, will provide Schreiner with another reliable water source for irrigation, which will help Schreiner maintain the health and condition of Schreiner Property; and

WHEREAS, the City seeks grant funding from the EIC in the amount of \$900,000.00, for the City to use in bidding, awarding, and managing the construction of the Project; and

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

CoK DRAFT 11/15/16

WHEREAS, the EIC finds that the Project includes equipment, facilities, and improvements to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, and tourist purposes and events, and related water facilities and other related improvements that enhance any of the items described above; and

WHEREAS, the EIC finds that it will be in the public interest to enter into this Agreement with City and Schreiner to provide sales tax revenues collected pursuant to the Act ("4B Revenues") to City for costs related to the Project; and

WHEREAS, on November 21, 2016, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditure of 4B Revenues for the Project;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, the EIC and City agree as follows:

1. **"Project" Defined:** When used in this Agreement, the phrase "Project" means the project summary and cost itemization specified in **Exhibit A** attached hereto and included herein for all purposes. City will manage the funding it receives from EIC and the bidding and construction of the Project. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC.
2. **Agreement to Fund Project:** The EIC agrees to provide City an amount up to and not to exceed \$900,000.00 in 4B Revenues to be used for the Project.
3. **Payments Authorized:** City is authorized to make payments for the herein described purposes directly from the Sales Tax Improvement Fund (Fund 40) or by making a transfer of 4B Revenues from the Sales Tax Improvement Fund (Fund 40) to one or more funds described in the City's approved budget.
4. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 3, above, are limited to the payment of "costs" as defined in the Act.
5. **Project Timeline:** The City shall begin construction activities for the Project on or before _____, 2016. Should such activities not occur, EIC may elect to cancel and withhold its pledge of funds for the Project.
6. **Conditions Under which City may Suspend Performance of its Obligations under this Agreement:** under any of the following conditions, the City may, at its option, after at least fifteen (15) days written notice to Schreiner, suspend further performance under this Agreement until such time as Schreiner shall have cured the condition(s) and so notified the City, in writing, that the condition(s) have been cured:
 - a. Schreiner becomes insolvent. "Insolvent" is defined to mean one either has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, or is insolvent within the meaning of the federal bankruptcy law.

CoK DRAFT 11/15/16

- b. The appointment of a receiver of Schreiner, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter.
- c. The adjudication of Schreiner as bankrupt.
- d. The filing by Schreiner of a petition to be adjudged as bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.

Should any of these conditions not be cured by Schreiner within ninety (90) days, Schreiner will be considered to have breached this Agreement and City may, at its option, with written notice to Schreiner, terminate this Agreement and Schreiner shall be obligated to refund the EIC the full amount of any Grant funding received from the EIC.

7. **Schreiner's Representations and Warranties:**

a. Schreiner represents and warrants as of the date hereof:

- (i) Schreiner is a Texas nonprofit corporation existing in good standing and authorized to do business in the State of Texas;
- (ii) Execution of this Agreement has been duly authorized by Schreiner and this Agreement is not in contravention of Schreiner's governing authority or any agreement or instrument to which Schreiner is a party or by which it may be bound as of the date hereof;
- (iii) No litigation or governmental proceeding is pending, or, to the knowledge of Schreiner, threatened against or affecting Schreiner, which may result in a material adverse change in Schreiner's business; properties, to include Schreiner's Property; or operations sufficient to jeopardize Schreiner's legal existence;
- (iv) No written application, written statement, or correspondence submitted by Schreiner to EIC or the City in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of Schreiner, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading; and
- (v) Prior to its connection to the Project, Schreiner shall enter into a supply and use agreement with the City with respect to its possession and use of reclaimed water, said agreement to cover, in general, the terms of the *Letter of Intent for Supply of*

CoK DRAFT 11/15/16

Reclaimed Water, as signed by Schreiner and City as of August 1, 2016, attached hereto as **Exhibit B**, and included herein for all purposes.

- b. Except as expressly set forth in this section, Schreiner makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.
8. **Severability**: The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
9. **Amendment**: This Agreement may be amended only by written amendment signed by the parties.
10. **Notices**: All notices given with respect to this Agreement must be in writing and will be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For EIC

President – Gary Cochrane
City of Kerrville, Texas, Economic Improvement Corporation
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

For City

City Manager, City of Kerrville
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

Schreiner University

CoK DRAFT 11/15/16

Tim Summerlin
President
Schreiner University
2100 Memorial Boulevard
Kerrville, Texas 78028
Facsimile: (830) 792-7207

11. **Applicable Law:** This Agreement is governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement is proper only in Kerr County, Texas.
12. **Interpretation:** Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement will therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.
13. **No Joint Venture:** Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between any or all of the parties.
14. **Parties In Interest:** Nothing in this Agreement shall entitle any party other than EIC, City, or Schreiner to any claim, cause of action, remedy, or right of any term of this Agreement.
15. **Survival of Terms:** All rights, duties, liabilities and obligations accrued prior to termination will survive termination.
16. **Entire Agreement:** This Agreement represents the entire agreement of the parties with respect to the subject matter hereof.

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

(signatures begin on following page)

CoK DRAFT 11/15/16

CITY OF KERRVILLE, TEXAS

By: _____
Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION

By: _____
Gary Cochrane, President

ATTEST:

Cheryl Brown, Secretary for the EIC

SCHREINER UNIVERSITY

By: _____
Tim Sumerlin, President



CITY OF KERRVILLE
ENGINEERING DEPARTMENT
200 Sidney Baker North
Kerrville, Texas 78028-5069
830.258.1170 / www.kerrvilletx.gov

Date: November 18, 2016

To: EA Hoppe, Deputy City Manager

From: Kyle Burow, P.E., CFM, Director of Engineering

Re: Reclaimed Water Distribution System

The City of Kerrville wishes to extend reclaimed water from the recently approved reuse pond and pump station to several new customers. This project will consist of approximately 31,000 linear feet of distribution lines installed at various points along the existing reuse system to each proposed and existing reuse customer. Existing reuse customers include Schreiner Golf Course, Tivy High School, Comanche Trace Golf Course, and Kerr County Animal Shelter. Proposed new reuse customers include Riverhill Country Club, Schreiner University, and the Kerrville Sports Complex. Each new customer will require the installation of new distribution lines to a predetermined point of delivery to access the reuse water as outlined below.

Riverhill Country Club will utilize an existing reuse main to tie in near the Loop 534 and State Highway 173 intersection. The installation route will proceed northwest along Old FM 689 to Riverhill Blvd. to the point of delivery on the Riverhill golf course for approximately 3,000 linear feet. In addition, the existing main will require a connection to the proposed reuse pond and pump station along Legion Drive sharing some cost of installation with the Schreiner University extension.

Schreiner University will utilize the same existing reuse main along Loop 534 connecting near the Legion Drive intersection. The installation route will proceed approximately 6,000 linear feet along Legion Drive and East Main to a point of delivery near the existing athletic fields.

The Holdsworth extension will tie in to the existing reuse main near the Scott Schreiner golf course at Loop 534. The route will proceed through the golf course and residential streets to Holdsworth Drive where it will continue to the point of delivery at the Kerrville Sports Complex for approximately 15,000 linear feet.

Description	Construction Cost
Riverhill Extension	\$788,000
Schreiner University Extension	\$1,081,000
Holdsworth Extension	\$2,604,000
Other Distribution Upgrades	\$1,471,000
Total Cost	\$5,944,000

The anticipated schedule for the project is:

Engineering Design	December 2016
Construction	January 2017 – December 2017



City of Kerrville

701 MAIN STREET • KERRVILLE, TEXAS 78028 • 830.257.8000 • KERRVILLETX.GOV

Letter of Intent for Supply of Reclaimed Water

June 22, 2016

Mr. Bill Muse
Vice President of Administration and Finance
Schreiner University
2100 Memorial Boulevard
Kerrville, Texas 78028

Dear Mr. Muse,

This letter is to confirm the mutual intent between the City of Kerrville ("City") and Schreiner University to enter into a funding and use agreement(s) for the provision of reclaimed water for irrigation purposes at the university campus. The City of Kerrville is designing a reclaimed water project with the capability of delivering an adequate supply of non-potable water to irrigate the athletic fields and landscaped areas and to the chiller plant at Schreiner University. Completion of the City's reclaimed water project (the "Project") is anticipated early in the 2018 calendar year.

By virtue of signing below, the parties acknowledge both the scope and timing of the Project and the general terms and conditions as follows:

1. City will deliver reclaimed water to a point within the Schreiner University property as mutually agreed to by both parties ("Delivery Point");
2. City will cause to be designed, constructed, and installed all the improvements required to deliver reclaimed water to the Delivery Point at its sole expense. Said improvements to include, distribution mains, pump station as the City of Kerrville Water Reclamation Plant, valve system(s) at the Delivery Point, SCADA system(s), and related appurtenances;
3. Schreiner University will cause to be designed, constructed, and installed all the improvements required for the storage and use of reclaimed water on its property at its sole expense. Said improvements to include, surface storage, pumping systems, distribution systems, and related appurtenances;
4. Schreiner University agrees to coordinate with the City on the design of the Project by identifying the location of on-site utility systems, location of on-site water storage facilities, and, if appropriate, the dedication of easements to the City on the university's property to accommodate the location and maintenance of reclaimed water infrastructure;
5. City intends to apply to the City of Kerrville Economic Improvement Corporation for funds adequate to cover the costs for the construction and installation of the distribution portion of the Project to deliver reclaimed water from the City of Kerrville Water Reclamation Plant to the Delivery Point. Schreiner University agrees to be a party to the application;

6. Schreiner University agrees that it will take all actions necessary to begin utilizing reclaimed water for irrigation purposes within 24 months of the City's completion of the Project;
7. City's Project will provide a peak daily demand of 250,000 gallons of reclaimed water to the Delivery Point subject to the following conditions:
 - a. A weekly pumping schedule established by the City of Kerrville and Schreiner University that will satisfy the peak daily demand at the Delivery Point ,
 - b. Except where the City needs to utilize reclaimed water supply as part of its potential direct potable reuse program; and
 - c. City will not add additional reclaimed water customers that impede the City's ability to meet the peak daily demand.
8. Schreiner University and the City will enter into a reclaimed supply funding and use agreement(s) that will include, the following provisions:
 - a. 20-year term,
 - b. Application of standard base and volumetric rates established by the City in effect at the time that Schreiner University begins to take reclaimed water;
 - c. Initial base and volumetric rates to remain frozen for the first (7) seven years of consumption;
 - d. Maximum cap of two percent (2%) on annual increases to base and volumetric rates after the first seven (7) years of consumption; and
 - e. Guarantee that Schreiner University will use its reclaimed water in accordance with state and federal law; and
9. This Letter of Intent does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party to this letter of intent. No such obligation shall be created, except by the execution of a separate written agreement between the parties regarding the proposed transaction, and then only in accordance with the terms and conditions of such separate agreement.

By providing the signatures below, each party confirms its acceptance of the terms and conditions of this Letter of Intent.

Sincerely,


Todd Parton
City Manager

By affixing my signature below I acknowledge that I am duly authorized to execute this MOU on behalf of my organization and accept the terms and conditions outlined herein.

On behalf of Schreiner University:

On behalf of the City of Kerrville:

Date: 7-22-16

Date: 8/1/2016

Signed:



Mr. Bill Muse, Vice President of
Administration and Finance
Schreiner University

Signed:



Mr. Todd Parton, City Manager
City of Kerrville, Texas

Agenda Item:

4C. Funding Agreement with the City of Kerrville and Southern Golf Properties for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$600,000. (staff)

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

SUBJECT: Public Hearing and consideration of a Funding Agreement with the City of Kerrville and Southern Golf Properties for Construction of Reclaimed Water Distribution Infrastructure of a maximum of \$600,000.

FOR AGENDA OF: Nov. 21, 2016 **DATE SUBMITTED:** Nov. 18, 2016

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Don Davis
Deputy City Manager Interim City Manager

EXHIBITS: Funding Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$600,000	\$0	\$1,500,000	40-800-975-03

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Attached is a Funding Agreement from the City of Kerrville to fund up to \$600,000 for the construction of distribution infrastructure to deliver reclaimed water from the city's planned water reclamation storage project to Riverhill Golf Course, owned by Southern Golf Properties. The water will be used for irrigation at the facility.

This Funding Agreement has been submitted as a quality of life project. The City Council reviewed this item in May 2016 and approved staff to develop an application for EIC review. An application was subsequently reviewed and approved with a 7-0 vote by the EIC on September 19, 2016. On October 25, the City Council awarded a construction contract for the construction of a 105 million gallon storage facility for reclaimed water and a new pump station. In addition, the engineering design work for the distribution system has been underway this fall and is nearing completion. Consequently, a Funding Agreement was developed for EIC review for the distribution of reclaimed water.

As discussed in previous meetings and workshops, the EIC has programmed dollars into the FY17 and FY18 budgets for these improvements at \$1,500,000 per year totaling to \$3 million in total for all three reclaimed water distribution lines (Sports Complex, Schreiner University, and Riverhill Golf Course). This allocation in the EIC's budget was included in the FY17 budget that was adopted by City Council on September 27, 2016.

RECOMMENDED ACTION

This is a business development project and is an allowable use of 4B sales tax revenues. City Staff recommends holding a public hearing and also recommends approval of the Funding Agreement, per the previous policy direction voted on by the City Council and EIC.

CoK DRAFT 11/11/16

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION; THE CITY OF KERRVILLE, TEXAS; AND SOUTHERN GOLF PROPERTIES, INC.; FOR THE DESIGN AND CONSTRUCTION OF A RECLAIMED WATER DISTRIBUTION SERVICE LINE TO BE OWNED BY THE CITY AND USED IN CONJUNCTION WITH THE PROVISION OF RECLAIMED WATER TO RIVERHILL GOLF COURSE FOR IRRIGATION PURPOSES

THIS PROJECT FUNDING AGREEMENT is entered into this ____ day of _____, 2016, by and between the City of Kerrville, Texas Economic Improvement Corporation ("EIC"), a Texas non-profit corporation established by City pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 and codified in Chapters 501, 502, and 505 of the Texas Local Government Code, otherwise known as the Development Corporation Act of 1979 ("the Act"); the City of Kerrville, Texas ("City"), a Texas home-rule municipality; and Southern Golf Properties, Inc. ("SGP").

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, the EIC may undertake, or provide funding to City to undertake, projects which the EIC finds to be encompassed by the definition of "projects" as that word is defined in Chapters 501 and 505 of the Act; and

WHEREAS, EIC was formed to administer the sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects as defined by the Act, including:

"expenditures that are found by the EIC to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements as specified by Section 501.103 of the Act; and, land, buildings, equipment, facilities, and improvements found by the EIC to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by Section 505.152 of the Act (emphasis supplied); and

CoK DRAFT 11/11/16

WHEREAS, SGP owns and operates Riverhill Country Club, which includes the 18 hole Riverhill Golf Course as certified by the United States Golf Association ("USGA"), and is open to both members and nonmembers; and

WHEREAS, the Riverhill Golf Course hosts more than 30 Texas Golf Association State events each year, including the USGA Men's Amateur Local Qualifying, USGA Boy's Junior Amateur Qualifying, Southern Senior Women's National Championship, and Region IV High School Boy's Championship, all of which draws golfers and guests to Kerrville from other parts of the state; and

WHEREAS, SGP uses a combination of potable water from the City, river (surface) water, and groundwater for irrigating its golf course and common areas ("SGP's Property"); and

WHEREAS, the irrigation system for SGP's Property is an integral component of the athletic or recreational facility where turf grass is required for the sport or activity; and

WHEREAS, over the past several years, SGP has sought an alternative water supply due primarily to drought conditions, which has significantly reduced its supply of both river water and groundwater, thereby negatively impacting the health and condition of its golf course and the number of available rounds of golf played by golfers; and

WHEREAS, City has offered to design, construct, and install the necessary improvements to deliver reclaimed water (effluent) from the City's Water Reclamation Plant to a specific point of delivery in order to serve SGP's Property with reclaimed water for irrigation purposes (the "Project"); and

WHEREAS, SGP will design, construct, and install the necessary improvements to store and utilize the reclaimed water on SGP's Property; and

WHEREAS, by serving SGP Property with reclaimed water provided by City, SGP will use less potable water, river water, and groundwater, all of which may instead be used for domestic purposes; and

WHEREAS, following the City's design, construction, and installation of the Project, SGP will connect its system to the Project and begin using the reclaimed water pursuant to a use agreement with the City, said use agreement to provide terms covering issues to include the maximum peak daily demand, rates, and use requirements; and

WHEREAS, the Project, estimated to cost \$600,000.00, will provide SGP with another reliable water source for irrigation, which will help SGP maintain the health and condition of SGP Property and maintain a recreational and tourist amenity that improves the quality of life of area residents and continues to draw golfers and visitors from all over the state to Kerrville; and

CoK DRAFT 11/11/16

WHEREAS, the City seeks grant funding from the EIC in the amount of \$600,000.00, for the City to use in bidding, awarding, and managing the construction of the Project; and

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

WHEREAS, the EIC finds that the Project is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, which in this case the infrastructure being water utilities, site, and related improvements; and

WHEREAS, the EIC also finds that the Project includes equipment, facilities, and improvements to be required or suitable for use for professional and amateur sports, including children’s sports, athletic, entertainment, and tourist purposes and events, and related water facilities and other related improvements that enhance any of the items described above; and

WHEREAS, the EIC finds that it will be in the public interest to enter into this Agreement with City and SGP to provide sales tax revenues collected pursuant to the Act (“4B Revenues”) to City for costs related to the Project; and

WHEREAS, on November 21, 2016, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditure of 4B Revenues for the Project;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, the EIC and City agree as follows:

1. **“Project” Defined:** When used in this Agreement, the phrase “Project” means the project summary and cost itemization specified in **Exhibit A** attached hereto and included herein for all purposes. City will manage the funding it receives from EIC and the bidding and construction of the Project. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC.
2. **Agreement to Fund Project:** The EIC agrees to provide City an amount up to and not to exceed \$600,000.00 in 4B Revenues to be used for the Project.
3. **Payments Authorized:** City is authorized to make payments for the herein described purposes directly from the Sales Tax Improvement Fund (Fund 40) or by making a transfer of 4B Revenues from the Sales Tax Improvement Fund (Fund 40) to one or more funds described in the City’s approved budget.
4. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 3, above, are limited to the payment of “costs” as defined in the Act.
5. **Project Timeline:** The City shall begin construction activities for the Project on or before _____, 2016. Should such activities not occur, EIC may elect to cancel and withhold its pledge of funds for the Project.

CoK DRAFT 11/11/16

6. **Conditions Under which City may Suspend Performance of its Obligations under this Agreement:** under any of the following conditions, the City may, at its option, after at least fifteen (15) days written notice to SGP, suspend further performance under this Agreement until such time as SGP shall have cured the condition(s) and so notified the City, in writing, that the condition(s) have been cured:

- a. SGP becomes insolvent. "Insolvent" is defined to mean one either has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, or is insolvent within the meaning of the federal bankruptcy law.
- b. The appointment of a receiver of SGP, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter.
- c. The adjudication of SGP as bankrupt.
- d. The filing by SGP of a petition to be adjudged as bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.

Should any of these conditions not be cured by SGP within ninety (90) days, SGP will be considered to have breached this Agreement and City may, at its option, with written notice to SGP, terminate this Agreement and SGP shall be obligated to refund the EIC the full amount of any Grant funding received from the EIC.

7. **SGP's Representations and Warranties:**

- a. SGP represents and warrants as of the date hereof:

- (i) SGP is a Texas corporation existing in good standing and authorized to do business in the State of Texas;
- (ii) Execution of this Agreement has been duly authorized by SGP and this Agreement is not in contravention of SGP's governing authority or any agreement or instrument to which SGP is a party or by which it may be bound as of the date hereof;
- (iii) No litigation or governmental proceeding is pending, or, to the knowledge of SGP, threatened against or affecting SGP, which may result in a material adverse change in SGP's business; properties, to include SGP's Property; or operations sufficient to jeopardize SGP's legal existence;

CoK DRAFT 11/11/16

(iv) No written application, written statement, or correspondence submitted by SGP to EIC or the City in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of SGP, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading; and

(v) Prior to its connection to the Project, SGP shall enter into a supply and use agreement with the City with respect to its possession and use of reclaimed water, said agreement to cover, in general, the terms of the *Letter of Intent for Supply of Reclaimed Water*, as signed by SGP and City on July 27, 2016, attached hereto as **Exhibit B**, and included herein for all purposes.

b. Except as expressly set forth in this section, SGP makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

8. **Severability:** The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
9. **Amendment:** This Agreement may be amended only by written amendment signed by the parties.
10. **Notices:** All notices given with respect to this Agreement must be in writing and will be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For EIC

President – Gary Cochrane
City of Kerrville, Texas, Economic Improvement Corporation
City Hall, 701 Main Street
Kerrville, Texas 78028

CoK DRAFT 11/11/16

Facsimile: (830) 792-3850

For City
City Manager, City of Kerrville
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

For Southern Golf Properties, Inc.
Chief Executive Officer – John Junker
100 Riverhill Club Lane
Kerrville, Texas 78028

11. **Applicable Law:** This Agreement is governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement is proper only in Kerr County, Texas.
12. **Interpretation:** Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement will therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.
13. **No Joint Venture:** Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between any or all of the parties.
14. **Parties In Interest:** Nothing in this Agreement shall entitle any party other than EIC, City, or SGP to any claim, cause of action, remedy, or right of any term of this Agreement.
15. **Survival of Terms:** All rights, duties, liabilities and obligations accrued prior to termination will survive termination.
16. **Entire Agreement:** This Agreement represents the entire agreement of the parties with respect to the subject matter hereof.

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

(signatures begin on following page)

CoK DRAFT 11/11/16

CITY OF KERRVILLE, TEXAS

By: _____
Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

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

By: _____
Gary Cochrane, President

ATTEST:

Cheryl Brown, Secretary for the EIC

SOUTHERN GOLF PROPERTIES, INC.

By: _____
John Junker, CEO



CITY OF KERRVILLE
ENGINEERING DEPARTMENT
200 Sidney Baker North
Kerrville, Texas 78028-5069
830.258.1170 / www.kerrvilletx.gov

Date: November 18, 2016

To: EA Hoppe, Deputy City Manager

From: Kyle Burow, P.E., CFM, Director of Engineering

Re: Reclaimed Water Distribution System

The City of Kerrville wishes to extend reclaimed water from the recently approved reuse pond and pump station to several new customers. This project will consist of approximately 31,000 linear feet of distribution lines installed at various points along the existing reuse system to each proposed and existing reuse customer. Existing reuse customers include Schreiner Golf Course, Tivy High School, Comanche Trace Golf Course, and Kerr County Animal Shelter. Proposed new reuse customers include Riverhill Country Club, Schreiner University, and the Kerrville Sports Complex. Each new customer will require the installation of new distribution lines to a predetermined point of delivery to access the reuse water as outlined below.

Riverhill Country Club will utilize an existing reuse main to tie in near the Loop 534 and State Highway 173 intersection. The installation route will proceed northwest along Old FM 689 to Riverhill Blvd. to the point of delivery on the Riverhill golf course for approximately 3,000 linear feet. In addition, the existing main will require a connection to the proposed reuse pond and pump station along Legion Drive sharing some cost of installation with the Schreiner University extension.

Schreiner University will utilize the same existing reuse main along Loop 534 connecting near the Legion Drive intersection. The installation route will proceed approximately 6,000 linear feet along Legion Drive and East Main to a point of delivery near the existing athletic fields.

The Holdsworth extension will tie in to the existing reuse main near the Scott Schreiner golf course at Loop 534. The route will proceed through the golf course and residential streets to Holdsworth Drive where it will continue to the point of delivery at the Kerrville Sports Complex for approximately 15,000 linear feet.

Description	Construction Cost
Riverhill Extension	\$788,000
Schreiner University Extension	\$1,081,000
Holdsworth Extension	\$2,604,000
Other Distribution Upgrades	\$1,471,000
Total Cost	\$5,944,000

The anticipated schedule for the project is:

Engineering Design	December 2016
Construction	January 2017 – December 2017



City of Kerrville

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Letter of Intent for Supply of Reclaimed Water

July 21, 2016

Mr. John Junker
CEO – Southern Golf Properties
100 Riverhill Club Lane
Kerrville, Texas 78028

Dear Mr. Junker,

This letter is to confirm the mutual intent between the City of Kerrville ("City") and Southern Golf Properties to enter into a funding and use agreement(s) for the provision of reclaimed water for irrigation purposes at the Riverhill Golf Course. The City of Kerrville is designing a reclaimed water project that with the capability of delivering adequate supplies of non-potable water that will allow the Riverhill Golf Course to irrigate with reclaimed water. Completion of the city's reclaimed water project (the "Project") is anticipated early in the 2018 calendar year.

Both parties agree to work cooperatively according to the principal terms and conditions outlined as follows:

1. City will deliver reclaimed water to a point within the Riverhill Golf Course property as mutually agreed to by both parties ("Delivery Point");
2. City will cause to be designed, constructed, and installed all the improvements required to deliver reclaimed water to the Delivery Point at its sole expense. Said improvements to include, but not be limited to, distribution mains, pump station as the City of Kerrville Water Reclamation Plant, valve system(s) at the Delivery Point, SCADA system(s), and other related appurtenances;
3. Southern Golf Properties will cause to be designed, constructed, and installed all the improvements required for the storage of reclaimed water at the Delivery Point and the on-site use of the reclaimed water at its sole expense. Said improvements to include, but not be limited to, surface storage, pumping systems, distribution systems, and other related appurtenances;
4. Southern Golf Properties agrees to coordinate with the City on the design of the Project by identifying the location of on-site utility systems, location of on-site reclaimed water storage facilities, and, if appropriate, the dedication of easements or rights-of-way to the City on the Southern Golf Property's property to accommodate the location and maintenance of reclaimed water infrastructure;
5. City intends to apply to the City of Kerrville Economic Improvement Corporation for funds adequate to cover the costs for the construction and installation of the distribution system portion of the Project to deliver reclaimed water from the City of Kerrville Water Reclamation Plant to the Delivery Point. Southern Golf Properties agrees to be a party to the application;

6. Southern Golf Properties agrees that it will take all actions necessary to begin utilizing reclaimed water for irrigation purposes within 24 months of the city's completion of the Project;
7. City's Project will provide a peak daily demand of 600,00 gallons of reclaimed water to the Delivery Point subject to the following conditions:
 - a. A weekly pumping schedule established by the City and Southern Golf Properties that will satisfy the peak daily demand at the Delivery Point,
 - b. Except where the City needs to utilize reclaimed water supply as part of its potential direct potable reuse program, and
 - c. City will not add additional reclaimed water customers that impede the City's ability to meet the peak daily demand.
8. Southern Golf Properties and the City will enter into a reclaimed supply funding and use agreement(s) that will include the following provisions:
 - a. 20-year term,
 - b. Application of standard base and volumetric rates established by the City in effect at the time that Southern Golf Properties begins to take reclaimed water,
 - c. Riverhill will be billed monthly with charges being the base rate in addition to the application of the volumetric rate for actual gallons delivered to the Delivery Point, which shall be metered. The monthly statement sent by the City will show the gallons metered to the Delivery Point;
 - d. Initial base and volumetric rates to remain frozen for the first (7) seven years of consumption;
 - e. Maximum cap of two percent (2%) on annual increases to base and volumetric rates, and
 - f. Guarantee that Southern Golf Properties will use its reclaimed water in accordance with state and federal law; and
9. This Letter of Intent does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party to this letter of intent. No such obligation shall be created, except by the execution of a separate written agreement between the parties regarding the proposed transaction, and then only in accordance with the terms and conditions of such separate agreement.

By providing the signatures below, each party confirms its acceptance of the terms and conditions of this Letter of Intent.

Sincerely,


Todd Parton
City Manager

By affixing my signature below I acknowledge that I am duly authorized to execute this MOU on behalf of my organization and accept the terms and conditions outlined herein.

On behalf of Southern Golf Properties:

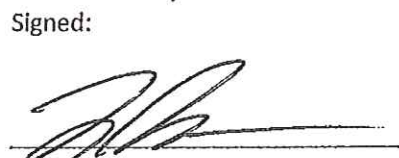
On behalf of the City of Kerrville:

Date: 7/21/14

Date: 7/22/2014

Signed:

Signed:



Mr. John Junker, CEO
Southern Golf Properties

Mr. Todd Parton, City Manager
City of Kerrville, Texas

Agenda Item:

5A. Application by the City of Kerrville for improvements to the Tennis Center in the amount of \$1,500,000. (staff)

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

SUBJECT: Consider an application for funding from the City of Kerrville in the amount of \$1.5 million for improvements to the H-E-B Tennis Center

FOR AGENDA OF: November 21, 2016 **DATE SUBMITTED:** November 18, 2016

SUBMITTED BY: Ashlea Boyle **CLEARANCES:** E.A. Hoppe
Assistant Director of Parks and Recreation Deputy City Manager

EXHIBITS:
Funding Application

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$1,500,000	\$750,000	\$750,000	75-800-202

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

At its meeting of October 25, 2016, City Council authorized staff to submit an application to the Economic Improvement Corporation (EIC) in the amount of \$1.5 million for improvements to the Tennis Center.

As discussed in previous meetings and workshops, the EIC has programmed dollars into the FY17 and FY18 budgets for improvements to the Tennis Center at \$750,000 respectfully per year totaling to \$1.5 million. This allocation in the EIC's budget was included in the FY17 budget that was adopted by City Council on September 27, 2016.

If funded, improvements to be considered in the design phase will include but not be limited to:

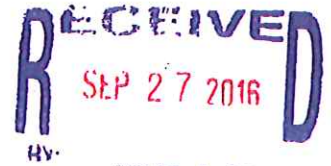
- Improving path of travel and ADA access to areas such as the pavilion, practice area, pro shop, lower parking, and observation areas.
- Resurfacing all post tension concrete courts.
- Evaluate the newly resurfaced asphalt courts in regards to upgrading to post tension concrete courts.
- Address drainage and parking issues.
- Address irrigation and landscaping.
- Address lighting.
- Address signage, fencing, windscreens, and net equipment.
- Address the existing playground.

- Improvements to the observation areas, seating, shade, etc.

If approved, initial steps will be initiated to begin the design process, which will include an extensive stakeholder feedback component. A Request for Qualification for a design engineering firm will be drafted along with a proposed scope of work.

RECOMMENDED ACTION

Staff recommends approval of this funding request as presented.



Kerrville Tennis Association

info@kerrvilletennis.com

830.896.8606

Kerrville City Council Members

Dear Council Members,

As President of the KTA and with the approval of our members, I would like to express our appreciation for the work of the City Council, City Manager and numerous employees on behalf of the renovation and building plans for the HEB courts. As an organization that promotes tennis as a lifetime sport, we can truly believe the renovation of the courts will bring positive lifestyle changes, bring in tax monies and set us apart as a place where people want to come to live and play. Our hope is that you as a council will continue to treat us as partners in the renovation of these facilities. Please call on us at any time for recommendations and support on this endeavor. Thank you again for your support.

Sincerely,

Russell D. Kemp

President KTA



City of Kerrville

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November 18, 2016

Board of Directors
Kerrville Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028

Dear Board Members,

This project description is provided pursuant to Section IV – PROJECT DESCRIPTION of the 4B Sales Tax Funding Request application.

The EIC Board's consideration of this funding request is greatly appreciated.

Sincerely,

E.A. Hoppe
Deputy City Manager
City of Kerrville, TX

PROJECT DESCRIPTION

The project consists of engineering and architectural improvements to the H-E-B Tennis Center located at 801 Tennis Drive. The original complex was built in 1978 with six courts. Improvements consisting of an additional eight lighted courts, trail, and playground were completed in 1993. The current facility now consists of a total of 14 lighted courts.

In mid-2016, the original set of six asphalt courts were resurfaced and re-stripped to seal cracks. This repair was a temporary solution with no guarantee on life expectancy and with the knowledge that the courts would eventually need to be overlaid with a concrete cap. Striping for junior courts and pickleball were also added at this time to support programming needs.

If funded, improvements to be considered in the design phase will include, but will not be limited to:

- Improve path of travel and ADA access to areas such as the pavilion, practice area, pro shop, lower parking, and observation areas.
- Resurface all post tension concrete courts.
- Evaluate the newly resurfaced asphalt courts in regards to upgrading to post tension concrete courts.
- Address drainage and parking issues.
- Address irrigation and landscaping.
- Address lighting.
- Address signage, fencing, windscreens, and net equipment.
- Address the existing playground.

As discussed in previous meetings and workshops, the Economic Improvement Corporation has programmed dollars into the FY17 and FY18 budgets for improvements to the Tennis Center at \$750,000 per year totaling to \$1.5 million. This allocation in the EIC's budget was included in the FY17 budget that was adopted by City Council on September 27, 2016.

This eventual construction project will be subject to the normal public bidding process. Bid documents would need to be prepared by the city's consulting engineer that will include industry-standard specifications for this project. The means and methods to complete the project will be provided by the contractor through the bidding process and are not available at this time. A Request for Qualifications will be issued in the selection process for the consulting design engineering firm. Firm selection is anticipated for Winter 2017 with the design engineering process to ensue in Spring 2017. Bidding is anticipated for Summer 2017, with construction in late Summer or Fall 2017.

**City of Kerrville
4B Sales Tax Funding Request
Guidelines and Procedures**

4B Funding from the Economic Improvement Corporation

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

**Kerr Economic Development Corporation (KEDC)
1700 Sidney Baker, Ste 100
Kerrville, Texas 78028
(830) 896-1157**

KEDC will review the application to determine if the application is complete and if the project would create a desired economic development effect.

All actions of the EIC are subject to the Development Corporation Act of 1979 (Article 5190.6 Vernon's Civil Statutes, Section 4B and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). The EIC is a legal entity with statutory authority to spend economic development sales tax dollars ("4B Revenues"). The Corporation is city-chartered and governed by a Council-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.

Types of Projects

The Economic Improvement Corporation will consider applications for:

1. **Direct contributions to business development;** projects should include support of retention, expansion, or recruitment, resulting in public economic benefit, and economic and demographic analyses used for policy development.
2. **Participation in Public Infrastructure;** Projects that are found by the EIC Board of Directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises (Section 501.103 of the Texas Local Government Code).
3. **Quality of Life;** Quality of Life projects which are owned by the City of Kerrville upon completion; or, where funding is requested for the construction of private (which includes non-profit) development projects, but only if the resulting facility is accessible or open to the public; both such Quality of Life projects indirectly result in economic benefits.
4. **Community Event projects;** Community Event projects are those that significantly contribute to the City's objective of promoting tourism and the hotel / conference market.

General Process for Applications

1. Application will be submitted to the KEDC.
2. Once the application is complete, a “GO Team” meeting will be scheduled.
3. If the application is considered feasible, the KEDC Board will review the application (*Business Development projects only*).
4. The EIC will consider the application. The EIC may:
 - a. approve the application and direct a funding agreement to be drafted and presented at the next EIC meeting in conjunction with holding a public hearing,
 - b. request the application be revised and resubmitted, or
 - c. not approve the application. If this occurs, the application process is considered complete and the application will not move forward.
5. Once the public hearing is held and the funding agreement is approved, the funding agreement will be presented to the City Council for final approval. The City Council may:
 - a. approve the funding agreement,
 - b. request the funding agreement be revised and resubmitted, or
 - c. not approve the funding agreement. If this occurs, the process is considered complete and the funds will not be approved.
6. Once the funding agreement is approved by the both the EIC and City Council, funding will not be available until 60 days after the date of the public hearing.

Note – this is a general guide only and the process may take several months to complete. Procedures may change without notice.

Business Development and Participation in Public Infrastructure Projects

Mission and Goals of Business Development and Public Infrastructure Projects

It shall be the mission of the City, EIC and KEDC in administration of these Guidelines and Procedures to promote, encourage, and enhance the creation and retention of jobs which retain and / or expand the City tax base and economy through granting business incentives which assist in the retention, expansion and recruitment of Primary Employers.

A primary employer is any business in which at least 51% of its goods and / or services are sold to customers that are located outside Kerr County, Texas and / or are in one of the following three digit NAICS codes: 31-33 Manufacturing, 42 Wholesale Trade, 48-49 Transportation and Warehousing, 52 Finance and Insurance, 54 Professional and Technical, or 55 Management of Companies (as defined by Texas Legislature HB 2912, 2003 Regular Session); or is a supplier who supplies at least 70% of its non-retail goods and/or services to local primary employer(s) that are located outside of Kerr County, Texas.

Business Incentives are economic incentives for a Primary Employer to induce the creation or retention of primary jobs and Capital Investment that may include, but not limited to job, land, facilities, equipment and infrastructure grants or reimbursements for new facilities or modernizations of current facilities to be determined by the EIC and the City Council.

The goals of the City, EIC and KEDC in administration of these Guidelines and Procedures are to:

- Create and retain primary jobs,
- Expand the City tax base and economy, and
- Strengthen and diversify primary employers within the local economy.

Principles and Guidelines

In making a determination regarding business incentives under these Guidelines and Procedures, the City, EIC and KEDC shall take into consideration the following non-exclusive list of principles and guidelines, if applicable, as factors in its determination:

- The payoff period of a business incentive to the City,
- The number of primary jobs added or retained by the primary employer,
- The average or median gross annual pay and any benefits for each primary job added by the primary employer,
- Whether the potential recipient of business incentives would otherwise locate in Kerrville without the business incentive,
- The type and amount of capital investment by the primary employer,
- The type of the proposed business venture,
- The potential impact on public infrastructure and resources,
- The financial strength of the primary employer,
- Whether the primary employer is consistent with target markets,
- Whether the primary employer is compatible with the community
- The contributions pledged to the primary employer, if any, by the State of Texas, any other governmental entity, KEDC or any other person, entity or association.

Nothing in this section shall be binding upon the City, EIC or KEDC, but is presented for reference by any prospective primary employer. Moreover, the factors listed herein are not an exclusive list. Each determination shall be determined on a case-by-case basis taking into account the factors deemed relevant by the City, EIC and KEDC to that particular project.

Business Incentives Authorized

The EIC and City will contemplate the use of all incentive options available to create an appropriate incentive package tailored for each prospect on a case-by-case basis.

Primary Employer Business Incentives

Authorized Facilities - A capital investment for a facility may be eligible for business incentives by a funding agreement if it creates or retains primary jobs for a primary employer. Incentives may be granted for land or capital investment related to either new facilities, improvements to existing facilities for the purpose of modernization, expansion, for capital investment necessary for the retention of an existing primary employer, or for relocation expenses.

The following types of property shall be ineligible for business incentives: inventories, supplies, tools, furnishings or other forms of movable personal property (not including capital production equipment), vehicles, vessels, aircraft, deferred maintenance investments, improvements to real property which have an economic life of less than 10 years, with the exception of the City or EIC, property owned or used by the State of Texas or its political subdivisions, or by any organization owned or directed by a political subdivision of the State of Texas.

Periodic Certification - The business incentive agreement shall require periodic certification of capital investment as required by the funding agreement.

Completion of Facility Construction - The completion of facility construction or installation of capital investment shall be deemed to occur in the earliest of the following events (as determined by the City and EIC):

- When a certificate of occupancy is issued for the project,
- When commercial production of a product or provision of a service is achieved at the facility,
- When the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument, or
- Two years after the date of the funding agreement.

Wage Requirement - In determining an incentive based on new primary jobs, the following matrix shall be considered:

New Gross Payroll	Incentive per New Primary Job
<\$30,000 per new primary job	Up to \$3,000 per new primary job
\$30,000-\$40,000 per new primary job	\$3,001 to \$5,000 per new primary job
\$40,000-\$50,000 per new primary job	\$5,001 to \$9,000 per new primary job
>\$50,000 per new primary job	Up to \$10,000 per new primary job

Job Creation Qualification - Unless there are extraordinary circumstances, in order to be eligible for business incentives, the planned capital investment shall create or retain and maintain the minimum of 10 full time (2,080 hours / year) permanent, primary jobs within one year of an effective date as set out in the agreement.

Minimum Capital Investment Qualification - In order to be eligible for business incentives, the planned capital investment must exceed \$200,000 in new plant, infrastructure, site prep and equipment.

Schedule of Incentives - The implementation schedule of any and all incentives shall be determined on a case-by-case basis to include periods of one or more years.

Universal Requirements

Project Implementation - An authorized project funded by a business incentive must be implemented within two years of the date of the effective date of the funding agreement.

Location or Residency Requirement - The City will prefer projects be located within City limits or its extraterritorial jurisdiction (ETJ) with voluntary provision for annexation, provided the ability to be annexed is met within 10 years. Projects outside of the City limits must be approved by the Kerr County Commissioners Court. Facilities constructed in the ETJ must be built to minimum City standards, to include building codes and public improvements standards.

'Buy Local' Provision - Each recipient of business incentives shall additionally agree to use best efforts to give preference and priority to local manufacturers, suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency or quality. For the purposes of this provision, the term 'local' is used to describe manufacturers, suppliers, contractors, and labor shall include firms, businesses, and persons who reside in or maintain an office within Kerr County, Texas.

Insurance Requirements - Each recipient of business incentives shall carry workers' compensation insurance and / or other appropriate liability insurance coverage as the EIC determines is appropriate.

Application - KEDC will accept applications for projects at any time. Applications will not be considered until complete. Applicants must be available to present projects at EIC & City Council meetings, as needed.

Contents of Application - The application process shall consist of a completed application form accompanied (when applicable) by: five years annual financials that include profit and loss statements, balance sheets, cash flow statements, IRS reporting forms, pro forma, a general description of proposed capital investments to the facility, a descriptive list of the improvements or program for which business incentives are requested, a list of the kind, number and location of all proposed improvements of the property, a map and property description, and a time schedule for undertaking and completing the proposed improvements or programs. In the case of a modernization or expansion project, a statement of the assessed value of the existing facility as stated by the Kerr Central Appraisal District, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial or other information as the EIC and / or KEDC deems appropriate for evaluating the financial capacity and other relevant factors of the applicant. The applicant will be allowed to address and explain in writing any negative findings before action is taken on a funding agreement.

Feasibility Impact Study - After receipt of a completed application, KEDC may cause to be performed a study of the feasibility and economic impact using an independent

consultant selected by KEDC. If both parties agree, KEDC may share costs with the applicant of performing the study. If performed, this study shall include, but not be limited to, an estimate of the economic effect of the business expansion.

No Business Incentives if Construction has Commenced - No funding agreement shall be approved if the application was filed after the commencement of any construction, alteration or installation of improvements related to the proposed facility modernization, expansion or new facility.

"GO Team"

An executive team ("GO Team") will evaluate and review applications based on:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan,
4. Economic impact analysis results*, including a return on investment and the break-even point (as affected by the extent of developer participation), job creation impact, and impact on the tax base,
5. Project status; for example, projects already under construction.

The "GO Team" will consist of the City Manager, Main Street / Special Projects Manager, EIC Board Member and the Executive Director of the Kerrville Economic Development Corporation. Additional members of staff may be added to the "GO Team" where appropriate depending on the nature and location of the project.

Upon review of the application and support documents, the "GO Team" will make a report to the EIC. KEDC will then notify the applicant of the next available EIC meeting for a project presentation.

The EIC may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the City Council must both approve the funding agreement. Public infrastructure improvement projects will be placed in the Capital Improvements Plan, and when complete, the project is owned by the City.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application for business incentives before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any business incentive, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed business incentives will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

Clawbacks

Each agreement shall contain clawback provisions established on a case-by-case basis to ensure the primary employer is meeting the benchmarks established in the funding agreement.

Administration

Access to Facility - The funding agreement shall stipulate that employees and / or designated representatives of the EIC, and / or the City and KEDC Executive Director will have access to the facility or program during the term of the funding agreement for inspection to determine if the terms and conditions of the funding agreement are being met. All inspections will only be conducted in such manner as to not unreasonably interfere with the construction and / or operation of the facility or program. Inspections will be made with one or more representatives of the owner and in accordance with safety standards.

Periodic reviews - Funding agreement reviews will be conducted periodically by KEDC to ensure that the owner is in compliance with the provisions of the funding agreement. If the owner is not in compliance or is in default, then the appropriate provision of the funding agreement will be enforced to recover any business incentives paid to the owner, unless the owner remedies the default on or before the conclusions of any cure period.

Right to Modify or Cancel - Notwithstanding anything herein or in any funding agreement to the contrary, the EIC may cancel or modify the funding agreement if the owner fails to comply with the funding agreement.

Quality of Life Improvement Projects

Projects which, include land, buildings, equipment, facilities, and improvements found by the (EIC) board of directors to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by this section (Section 505.152 of the Texas Local Government Code). Interested businesses, individuals, or non-profit groups are required to complete an application and provide appropriate documentation of the project.

The "GO Team" will evaluate and recommend projects based on the following criteria:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan,
4. Project status; for example, projects already under construction.

The EIC may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the City Council must both approve the funding agreement.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any funding, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed grant will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

Community Event Projects

The objective of funding Community Event projects is to support tourism. Strong consideration will be given to new projects that significantly contribute to the City's objective of growing the tourism and hotel / conference market. **Funding Applications intended to grow, expand or start events are given preferred consideration.**

The "GO Team" will evaluate and recommend projects based on the following criteria:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Event History,
4. Event Sustainability.

The minimum amount of funding per eligible project is \$5,000 with a maximum amount of \$25,000. The EIC will cease consideration of Community Events applications after total funding of approved Community Events projects exceeds \$100,000 in a fiscal year.

Applications must be submitted by December 1st of each year for the following calendar year. The EIC will consider the applications at the January EIC meeting. Once approved by both the EIC and City Council, funding will not be available until 60 days after the public hearing. The EIC will not approve funding applications for events that have already taken place.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any funding, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed grant will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

The City of Kerrville Economic Improvement Corporation meets monthly at the Kerrville City Hall, Council Chambers, 701 Main Street, Kerrville, Texas. For additional information visit the City's website at www.kerrvilletx.gov or call (830) 257-8000.

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:

Kerr Economic Development Corporation
1700 Sidney Baker, Ste. 100
Kerrville, TX 78028
(830) 896-1157

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B (now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). 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 Council-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

Business Incentives - Economic incentives for a Primary Employer to induce the creation or retention of primary jobs and Capital Investment that may include, but not limited to job, land, facilities, equipment and infrastructure grants or reimbursements of new facilities or modernizations of current facilities to be determined by the EIC and the City Council.

Capital Investment - The increase in the assessed value of an eligible property as a result of 'expansion' or 'modernization' of an 'existing facility' or construction of a 'new facility'.

City - City of Kerrville, Texas

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.

Deferred Maintenance - Improvements necessary for continued operations which do not improve productivity or are preformed to meet regulatory obligations.

Economic Life - The number of years a property improvement or manufacturing / processing equipment is expected to be in service in a facility.

EIC - Kerrville Economic Improvement Corporation

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.

Facility - Property Improvements completed or in the process of construction which together compromise an integral whole, as well as new fixed machinery and equipment. Includes an existing building purchased for expansion or relocation

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."

Funding Agreement - A written contract 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).

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.

KEDC - The Kerr Economic Development Corporation

Modernization - The replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. Modernization may result in from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or the completion of deferred maintenance.

New Facility - Property previously undeveloped which is placed into service by means other than in conjunction with an expansion or modernization.

Owner - The owner of a facility or program subject to business incentives. If the facility is constructed on a leased property, the owner shall be the party which owns the property subject to the business incentive. A lessee or other interested third party may, at the discretion of the City, be required to join in the execution of the Agreement but shall not be obligated to assure performance of the party receiving the Business Incentive.

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.

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

Payoff Period - The amount of time in years that it will take the EIC and the City to recover the costs of business incentives from additional revenues it will receive from the facility.

Primary Employer - A business in which at least 51% of its goods and / or services are sold to customers that are located outside Kerr County, Texas and / or are in one of the following three digit NAICS codes: 31-33 Manufacturing, 42 Wholesale Trade, 48-49 Transportation and Warehousing, 52 Finance and Insurance, 54 Professional and Technical, or 55 Management of Companies (as defined by Texas Legislature HB 2912, 2003 Regular Session); or is a supplier who supplies at least 70% of its non-retail goods and/or services to local primary employer(s) that are located outside of Kerr County, Texas.

SECTION II - APPLICANT INFORMATION

Submittal Date: ____/____/____

ORGANIZATION

Applicant Name _____

Address _____

City _____

State _____

Zip _____

Phone _____

Alt. Phone _____

Fax _____

Website _____

PROJECT CONTACT

Contact Person Name _____

Title _____

Address _____

City _____

State _____

Zip _____

Phone _____

Alt. Phone _____

Fax _____

Email Address _____

Amount of Funding Requested: \$ _____

Please include a cover letter and supplemental information as deemed appropriate that:

- clearly states the mission statement of the organization(s),
- a business plan (a document that projects 3-5 years and outlines a plan to grow revenues),
- what the requested funding shall be used for,
- if it is a new, existing or annual event,
- the number of years the organization has been in existence,
- the date and location of the event,
- average annual attendance,
- pertinent financial information (costs, revenues, percentage of funding request of total event budget and financial history), and
- a plan or statement of how the event shall become self-sustained in future years.

Continue to Section III

Submittal Date: 11/8/16

ORGANIZATION

City of Kerrville

Applicant Name

701 Main Street	Kerrville	Texas	78028
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Address	City	State	Zip
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(830) 257-8000

Phone	Alt. Phone	Fax
-------	------------	-----

www.kerrvilletx.gov

Website

PROJECT CONTACT

Ashlea Boyle

Assistant Director of Parks and Recreation

Contact Person Name	Title
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2385 Bandera Hwy	Kerrville	Texas	78028
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Address	City	State	Zip
---------	------	-------	-----

(830) 258-1153

Phone	Alt. Phone	Fax
-------	------------	-----

ashlea.boyle@kerrvilletx.gov

Email Address

Amount of Funding Requested: \$ 1,500,000

Please include a cover letter and supplemental information as deemed appropriate that:

- clearly states the mission statement of the organization(s),
- what the requested funding shall be used for,
- pertinent financial information (costs, revenues, percentage of funding request of total budget and financial history), and
- other information, as requested.

Continue to Section III

Business Development Projects

Submittal Date: ____/____/____

ORGANIZATION

Applicant Name _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Website _____

PROJECT CONTACT

Contact Person Name _____ Title _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Email Address _____

Type of Business Structure: Corporation ☐ Partnership ☐ Sole Proprietorship ☐

Year Business Started: Year _____ Location _____

Current Employment: Permanent Full-Time _____ Permanent Part-Time _____

Average Production Wage _____

Full-Time Employees receive the following benefits:

Financial Information: Five Years Annual Financials Attached _____
Include: Statement of profit and loss; Balance sheet; Cash Flow
Statement; IRS reporting forms, Pro forma

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

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

SECTION III - PROJECT INFORMATION

This application is for a:

- Business Development ☐
- Expansion of Existing Facility ☐ or
 - New Construction ☐
 - Other ()

Capital Improvements for Public Infrastructure

- Utilities ☐
- Roadways ☐
- Other ()

Quality of Life

- Community Event ☐
- Project ☒

The proposed improvements are to be located within the following taxing
district(s): City of Kerrville ☒ Kerr County ☒ Kerrville ISD ☒
Ingram ISD ☐ Center Point ISD ☐

SECTION IV - PROJECT DESCRIPTION

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	\$ _____
Sq. Footage of New Building (s)	_____
Size of Parking	_____
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 _____
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 _____

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

Part D - Permanent Part-Time Employment Estimates- (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 _____

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks

\$ _____
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 ☐ Yes ☐

Describe:

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

Ashlea Boyle

Printed name

11/8/2016

Date

Assistant Director of Parks and Recreation

Title

Signature

Agenda Item:

5B. Cancellation of the regular meeting in December, and selection of a date for the regular January 2017 meeting. (staff)

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

SUBJECT: Cancellation of December's regular meeting and selection of a date for the regular January 2017 meeting

FOR AGENDA OF: November 21, 2016 **DATE SUBMITTED:** November 18, 2016

SUBMITTED BY: Ashlea Boyle **CLEARANCES:** E.A. Hoppe
Assistant Director of Parks and Recreation Deputy City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The regular meeting date for the December EIC meeting falls just a few days before the Christmas holiday. Per the City Secretary's polling of the EIC Board, and no time sensitive items needing attention in December, it appears that a cancellation of the December EIC meeting is desired and feasible.

The regular meeting date for the January EIC meeting falls on Martin Luther King Jr. Day (Monday, Jan. 16), which is a City-observed holiday. A new date for January's meeting will need to be selected. January 9th or January 17th are two possibilities.

RECOMMENDED ACTION

Staff recommends taking action to cancel December's meeting and to select a new date for the regular meeting to be held in January 2017.