

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, AUGUST 8, 2017, 6:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, AUGUST 8, 2017, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION OFFERED BY GEORGE BAROODY, MAYOR PRO TEM

PLEDGE OF ALLEGIANCE TO THE FLAG

1. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

2. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. City Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

3. RECOGNITIONS:

3A. Acknowledgement of the City of Kerrville's contribution to the success of the 14th Annual River Clean Up. (Tara Bushnoe, Upper Guadalupe River Authority)

4. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a Councilmember asks for separate consideration of an item. It is recommended that the City Council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:

4A. Minutes of the regular meeting held July 11, 2017, special meeting with the Convention and Visitors Bureau held July 14, 2017, and budget workshops held July 19 and July 25, 2017. (staff)

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

I 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: August 4, 2017 at 1:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

4B. Execute a construction contract with Viking Construction, Inc. for the 2017 slurry seal project in the amount of \$367,725 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000. (staff)

4C. Amendment to the interlocal agreement for the continued existence of a Joint Airport Board to provide management of Kerrville/Kerr County Airport. (staff)

END OF CONSENT AGENDA

5. ORDINANCE, SECOND AND FINAL READING:

5A. Ordinance No. 2017-15 authorizing the City Manager to execute a commercial contract – unimproved property for an approximate 2.15 acre tract of land out of the Walter Fosgate Survey No. 120, Abstract No. 138, within the City of Kerrville, Kerr County, Texas, and more commonly known as the former city hall site located at 800 Junction Highway (SH27); authorizing the City Manager to execute a special warranty deed to convey this property and to take any other reasonable and necessary action to close on the sale of the property; repealing all conflicting ordinances; providing for severability, and declaring an effective date. (staff)

6. ORDINANCE, FIRST READING:

6A. Ordinance No. 2017-16 annexing an approximate 11.341 acre tract out of the William Watt Survey No. 65, Abstract No. 364; said territory being adjacent to the corporate limits of the City of Kerrville, Texas, and generally located adjacent to property within the Comanche Trace residential subdivision, which is located along State Highway 173; describing the territory to be annexed; adopting a service plan for the territory annexed; and establishing the zoning for the area annexed. (staff)

6:20 P.M. APPROXIMATELY

7. CITY COUNCIL RECESS:

THE CITY COUNCIL WILL RECESS THE REGULAR MEETING TO CONVENE A MEETING OF THE CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST (see separate posted agenda).

THE KERRVILLE CITY COUNCIL WILL RECONVENE INTO REGULAR SESSION FOLLOWING THE MEETING OF THE CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST.

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

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Brenda Craig
City Secretary, City of Kerrville, Texas

8. CONSIDERATIONS:

8A. Resolution No. 28-2017, authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related group benefits for Fiscal Year 2018. (staff)

8B. Resolution 29-2017, setting forth the ad valorem (property) tax rate to be considered for adoption for the 2017 tax year; calling two public hearings prior to the adoption of said rate; and calling a public hearing prior to the adoption of the Fiscal Year 2018 budget as required by both the City's Charter and State Law. (staff)

8C. Resolution No. 30-2017 approving/disapproving Kerr Central Appraisal District's fiscal year 2018 budget. (staff)

8D. Resolution No. 32-2017 providing for the city's approval or disapproval of an amendment to the Kerr Central Appraisal District's 2016 fiscal year budget. (staff)

8E. Resolution No. 31-2017 creating the Comprehensive Plan Steering Committee; establishing its purpose, membership size, term, procedures and related matters. (staff)

9. INFORMATION AND DISCUSSION:

9A. Official presentation of the proposed fiscal year 2017-2018 budget. (staff)

10. CITY MANAGER'S REPORT

11. ITEMS FOR FUTURE AGENDAS

12. EXECUTIVE SESSION:

City Council 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/officers), 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:

12A. Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- 800 Junction Highway, former city hall.

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

I 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: August 4, 2017 at 1:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

13. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY

ADJOURNMENT.

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

I 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: August 4, 2017 at 1:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

Agenda Item:

3A. Acknowledgement of the City of Kerrville's contribution to the success of the 14th Annual River Clean Up. (Tara Bushnoe, Upper Guadalupe River Authority)

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

SUBJECT OF REQUEST: Acknowledgement of the City of Kerrville contribution to the success of the 14th Annual River Clean Up.

AGENDA DATE: 8/8/17

DATE SUBMITTED: 7/25/17

REQUESTED/SUBMITTED BY: Tara Bushnoe **PHONE:** 830-896-5445

ORGANIZATION REPRESENTING: Upper Guadalupe River Authority

MAILING ADDRESS: 125 Lehmann Drive, Suite 100, Kerrville, Texas 78028

EMAIL ADDRESS: tbushnoe@ugra.org

EXHIBITS/INFORMATION:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *My*

**WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE
EXPENDITURE OF CITY FUNDS?**

YES: _____

NO: *X* _____

IF YES, STATE AMOUNT REQUESTED: \$ _____

DESCRIPTION OF REQUEST

Tara Bushnoe, Natural Resources Coordinator, would like to thank the City Council for the contributions that the City of Kerrville made towards the success of the 14th Annual River Clean Up held on July 22, 2017.

RECOMMENDED COUNCIL ACTION

None required.

Agenda Item:

4A. Minutes of the regular meeting held July 11, 2017, special meeting with the Convention and Visitors Bureau held July 14, 2017, and budget workshops held July 19 and July 25, 2017. (staff)

This meeting is recorded and can be viewed on the city's website at
www.kerrvilletx.gov.

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JULY 11, 2017

On July 11, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Mayor White, followed by the Pledge of Allegiance led by Police Chief David Knight.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT:

Mary Ellen Summerlin	Councilmember
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CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meismar	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Kaitlin Berry	Public Information Officer
Ashlea Boyle	Director of Parks and Recreation
Gordon Browning	Interim City Planner
Sabine Kuenzel	Director of Development Services

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. ANNOUNCEMENTS OF COMMUNITY INTEREST: were given.

2. RECOGNITIONS:

2A. Resolution of Commendation to T. Justin MacDonald for serving on the Kerr Central Appraisal District Board of Directors.

3. VISITORS/CITIZENS FORUM: No one spoke.

4. CONSENT AGENDA:

Mr. Ferguson moved to approve consent agenda item 4A; Mr. Voelkel seconded the motion, and the motion passed 4-0:

4A. Minutes of the regular meeting of June 13, 2017.

END OF CONSENT AGENDA

5. PUBLIC HEARINGS:

5A. Annexation and zoning of an 11.341 acre tract, being a portion of a certain 1131.78 acre tract, part of Comanche Trace, a golf and residential community, located in southwest Kerrville.

Mr. Browning noted this was the voluntary annexation of Comanche Trace Phase 13; annexation would be completed by ordinance in August. The annexation would not affect the city's extraterritorial jurisdiction as the property was located within the outer boundary of Comanche Trace.

Council noted that P&Z recommended annexation of the subject tract and zoning designation of Planned Development District -- Residential.

Mayor White declared the public hearing open at 6:11; no one spoke; Mayor White closed the meeting at 6:11 p.m.

6. ORDINANCE, FIRST READING:

6A. Ordinance No. 2017-14 abandoning and vacating all right, title and interest in a fire lane easement, as located between and intersecting with both Bluff Ridge Drive and Glenview Drive and being dedicated to the public pursuant to the Forest West Four – Phase III Plat, a subdivision out of the Florentine Lara Survey No. 123, Abstract No. 225, and located within the City of Kerrville, Kerr County, Texas, according to the Plat thereof recorded in Volume 5, Page 45 of the Plat Records of Kerr County; said easement impacting Lot 8, Block 6, and Lot 7, Block 7, as specified on said Plat; finding that said dedicated right to the City is not required for future use as a fire lane easement; and ordering recording. Mayor White read the ordinance by title.

Chief Smith noted the property owners, Jason and Heather McCormick, requested the city abandon the fire lane access easement between Glenview and Bluff Ridge. On June 27 council directed staff to prepare the ordinance. Chief Smith noted the following:

- The fire department would not use this easement to access Bluff Ridge.
- In a fire situation, the fire department would lay the fire line along the route taken to the fire; therefore, the fire line would be on the north side of the entrance to Bluff Ridge and fire hydrant access would be on Bluff Ridge. The fire department would not use the fire hydrant at the bottom of the hill on Glenview for an emergency on Bluff Ridge.
- The 150-200 ft. fire line rule in the Fire Code: Chief Smith noted fire trucks carried sufficient supply line, over 1,000 ft., to meet this requirement. No structures on Bluff Ridge were more than 34-35 foot from the street.
- Survey monument in the easement: Staff noted the monument could remain, be moved, or be discontinued. Mr. McCormick was aware of the monument.
- Culdesac being in excess of 600 ft.: There were many exceptions to this 600 ft. rule throughout the city due to topography. Chief Smith stated there was plenty of turning radius and room to maneuver fire vehicles on Bluff Ridge.
- The city was well within the National Fire Protection Assn. recommendation of a four minute response time for fire units to Bluff Ridge from Station Two.
- Were the property owners of 104 Glenview at the bottom of the easement contacted about the possible abandonment: Chief Smith noted the realtor said the owners believed that abandoning the easement would add value to their property and it was for sale.

Staff recommended the ordinance be adopted.

Mr. Ferguson moved for approval of Ordinance No. 2017-14; Mr. Voelkel seconded the motion and it passed 4-0.

7. INFORMATION AND DISCUSSION:

7A. Presentation of design concepts for the Downtown/Water Street streetscape and the Schellhase home/Library complex.

Mr. Voelkel filed a conflict of interest affidavit and recused himself from the meeting at 6:26 p.m.

Peter Lewis, architect, presented the downtown streetscape and library campus master plan and discussed the following:

- Identified enhancements to the parking garage and entrance on Clay Street.
- Work with TxDOT on their plan to replace traffic signals, relocate utility and signalization boxes, and address storm water issues at Sidney Baker and Water Street.
- Proposed that the city consider a three-way stop and pedestrian crosswalk at the intersection of Water and Clay streets.
- Improve vehicular, pedestrian and handicapped accessibility to downtown and the AC Schreiner house.
- Estimated approximately \$850,000 for the downtown garage streetscape project and approximately \$1.8 million for the three phases of the Schreiner House/Library Complex enhancements.

The consensus of council was to proceed with the budget and planning process to address the parking garage renovations/improvements and the safety issues, such as pedestrian crosswalk. This would be discussed further during a budget workshop.

Mr. Voelkel returned to the meeting at 7:09 p.m.

8. APPOINTMENTS TO CITY BOARDS AND COMMISSIONS:

8A. Appointments to the Kerrville-Kerr County Joint Airport Board.

Ms. Craig noted the Airport Board voted on June 28 to recommend the reappointment of Ed Livermore and Mark Mosier.

Mr. Baroody voted to reappoint Ed Livermore and Mark Mosier with terms to expire June 1, 2019; Mr. Ferguson seconded the motion and it passed 4-0.

Staff noted that the issue of staggering terms will come before council in the future.

9. CITY MANAGER'S REPORT

Mr. McDaniel provided the capital project status report and noted the capital projects would be discussed at the budget workshop on July 25 at 4:00 p.m. Mr. McDaniel announced that this was the last meeting for Gordon Browning, interim city planner. Mr. McDaniel introduced Sabine Kuenzel, Executive Director of Development Services.

10. ITEMS FOR FUTURE AGENDAS: None.

11. EXECUTIVE SESSION:

Mr. Baroody moved for the city council to go into executive closed session under Sections 551.071 and 551.072 of the Texas Government Code; motion was seconded by Mr. Voelkel and passed 4-0 to discuss the following:

11A. Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- 800 Junction Highway, former city hall.

At 7:15 p.m. the regular meeting recessed. Council went into executive closed session at 7:16 p.m. At 7:41 p.m. the executive closed session recessed and council returned to open session at 7:42 p.m. No action was taken in executive session.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY

No action taken.

ADJOURNMENT. The meeting adjourned at 7:42 p.m.

APPROVED: _____

ATTEST: _____

Bonnie White, Mayor

Brenda Craig City Secretary

CITY COUNCIL MINUTES
OF A SPECIAL MEETING

KERRVILLE, TEXAS
JULY 14, 2017

Thursday July 14, 2017, a meeting of the Kerrville City Council and Kerrville Convention and Visitors Bureau was called to order by Mayor White at 11:40 a.m. at the Inn of the Hills Hotel and Conference Center, Bluebonnet Room, 1001 Junction Highway, Kerrville, Texas. Invocation was offered by Charlie McIlvain, President/CEO of the CVB.

CITY COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent Voelkel	Councilmember

CITY COUNCILMEMBERS ABSENT:

Mary Ellen Summerlin	Councilmember
Warren Ferguson	Councilmember

CITY STAFF PRESENT:

Mark McDaniel	City Manager
E.A. Hoppe	Deputy City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Sandra Yarbrough	Director of Finance
Ashlea Boyle	Director of Parks and Recreation

CVB BOARD MEMBERS PRESENT:

Greg Maxwell, Chairman	
Jan Lynch, Vice Chairman	
Karol Schreiner	Lisa Winters
Mike Lemmons	Stephanie Turnham

PRESENTATION OF THE KERRVILLE CONVENTION & VISITORS BUREAU (CVB)

2015 ANNUAL REPORT AND MARKETING PLAN FOR 2017-2018:

Mr. McIlvain, President and Chief Executive Officer of CVB, presented the CVB 2016 annual report and the 2017-2018 Marketing Plan. He noted that 62% of the budget was marketing, 11% for the visitor center, and 27% on administration. HOT collections increased almost 3% to over \$1.1 million. Direct travel spending in 2016 generated \$63 million into Kerrville economy, created 1,020 jobs with \$27 million in earnings, and \$2.1 million in local sales tax. He reviewed the community's strengths and benefits and noted community weaknesses and major challenges, in particular the lack of conference center/large meeting space, aging hotel inventory, and labor shortage.

Mr. McIlvain also noted that most bed and breakfast establishments were not paying HOT which negatively impacted the city's budget and reduced overnight stays at hotels that do collect HOT. He requested that tourism activities be considered in the city's proposed comprehensive plan.

Mr. McIlvain submitted a proposed budget for FY17-18 of \$947,500, including two new projects in FY17-18: implement a craft agricultural marketing program, and Ft. Worth model city community leadership tour.

The meeting adjourned at 1:19 p.m.

APPROVED: _____

ATTEST: _____

Bonnie White, Mayor

Brenda G. Craig, City Secretary

This meeting is recorded and can be viewed on the city's website at
www.kerrvilletx.gov.

**CITY COUNCIL MINUTES
BUDGET WORKSHOP**

**KERRVILLE, TEXAS
JULY 19, 2017**

On July 19, 2017, the Kerrville City Council budget workshop was called to order at 10:00 a.m. by Mayor White in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meismier	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

**DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED
FISCAL YEAR 2018 BUDGET**

Water/Sewer Funds, Golf Fund, and Hotel Occupancy Tax Funds:

Water/Sewer Funds:

- Balanced budget with \$12.3 million in revenues and expenditures.
- No water or sewer rate increase.
- Water sales up 1%, and sewer service revenue up 1% from FY2017 based on growth in sales.
- One full time position (water operator) added; have been operating with overtime.
- Included six months of reuse service at Schreiner University and the Sports Complex. The reuse pond at the wastewater treatment plant should be complete in spring 2018. The pond for the sports complex was under design now.
- Water rate in FY2017 was increased \$0.57 in monthly account fee; the last volumetric rate increase was in 2012. Anticipate an increase in the water rate in FY2019 due in part to the TTHM (total trihalomethanes) issue.

- Residential sewer rates are based on winter averaging method. Volumetric sewer fees have not changed since 2011.
- Debt service for capital projects accounted for 32.4% of the w/s budget.
- Maintain current service levels and programs.
- 3% merit pay increase for employees.
- Add one position to water production.
- Contribution of \$75,000 for the comprehensive plan, i.e. utility infrastructure planning.
- \$47,000 increase for deferred maintenance project, i.e. pipe descaling.
- Included one-time expenditure for meter reading equipment, pump, SCADA equipment and lab equipment.
- Debt limit established by city policy is 35% of annual revenue; FY2018 debt service is 32.4% of revenues. Debt begins to drop off significantly beginning in FY2023. Current water/sewer fund debt was \$46 million; may look at restructuring some of the existing debt.

Golf Fund:

- Projections for the last several years were high; FY2018 adjusted to be more realistic with actual revenue.
- \$80,000 subsidy from the general fund in FY2018. Proposed a slight fee increase to offset subsidy by \$20,000.

Hotel Occupancy Tax Fund:

- Projected revenue for FY2018 was \$1,205,000.
- Proposed FY2018 expenditures: \$900 k, Convention and Visitors Bureau (CVB) (2.9% increase); \$50k Arts Co-op (CVB oversees; purpose is to advertise eligible groups/functions); \$25k Triathlon; \$25k Festival of the Arts; \$25k 4th on the River; \$25k Chalk Festival; \$25k Sports Complex promotion.
- Budget did not include funding for the Arcadia Theater project.

Charlie McIlvain presented CVB's proposed FY2018 budget and answered questions.

Council reviewed water/sewer funds, golf fund, and hotel occupancy tax fund budgets by line item.

ADJOURNMENT. The meeting adjourned at 11:41 a.m.

APPROVED: _____
ATTEST: _____

Bonnie White, Mayor

Brenda Craig City Secretary

This meeting is recorded and can be viewed on the city's website at
www.kerrvilletx.gov.

**CITY COUNCIL MINUTES
BUDGET WORKSHOP**

**KERRVILLE, TEXAS
JULY 25, 2017**

On July 25, 2017, the Kerrville City Council budget workshop was called to order at 4:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meismer	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Guillermo Garcia	Executive Director for Strategic Initiatives

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

**DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED
FISCAL YEAR 2018 BUDGET: CAPITAL FUNDS**

Mr. McDaniel reviewed current and future capital projects and noted the following:

- Sports Complex: soccer opening 2017 fall, and baseball 2018 spring.
- \$959k prior year budget carryovers will be used to outsource large projects.
- Tennis Center renovation \$1.5m funded by EIC over two year period.
- Comprehensive Plan \$375k funded with cash.
- Possible general obligation debt (voter approval):
 - Public safety complex FY2020, \$10.2m (general fund/tax supported debt)
 - Streets and drainage FY2023, \$6m estimate (general fund/tax supported debt)
 - Aquatics Center, FY2021 \$5.1m estimate (EIC supported debt)
 - Park Improvements, FY2022, \$5.0m estimate (EIC supported debt)
- Water and sewer capital projects FY2018 priorities: Reuse system, \$23.0m, completion FY2018; Legion lift station, \$7.8m, construction in FY2019; TTHM (total trihalomethanes), engineering in process, cost will vary depending on solution recommended, \$1.7m budgeted in FY2018.

- FY2023 projects proposed to be funded with \$10m bond: ASR well/Headwaters well; Interceptor downstream of Knapp lift station; Knapp wet well and force main; and interceptor downstream of Jefferson lift station.
- No change in water/sewer rates for FY2018; however, proposed rate increases to fund capital projects (debt service) and increased operational expenditures as follows: FY2019: 6% water and 2% sewer; FY2020: 6% water and 2% sewer; and FY2021: 2% sewer.

Council reviewed proposed capital fund projects through 2027.

ADJOURNMENT. The meeting adjourned at 5:04 p.m.

APPROVED: _____
ATTEST: _____

Bonnie White, Mayor

Brenda Craig City Secretary

Agenda Item:

4B. Execute a construction contract with Viking Construction, Inc. for the 2017 slurry seal project in the amount of \$367,725 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000. (staff)

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

SUBJECT: Council authorization for the City Manager to execute a construction contract with Viking Construction, Inc. for the 2017 Slurry Seal Project in the amount of \$367,725 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000.

FOR AGENDA OF: August 8, 2017

DATE SUBMITTED: July 28, 2017

SUBMITTED BY: Kyle Burow, P.E., CFM
Director of Engineering

CLEARANCES: E.A. Hoppe

Deputy City Manager

EXHIBITS: Bid Tabulation
Recommendation of Award
List of Year 2 Slurry Street Segments

PAYMENT TO BE MADE TO: Viking Construction, Inc.
2592 Shell Road
Georgetown, TX 78628

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$400,000	\$727,718	\$1,250,665	01-861-207-01

REVIEWED BY THE FINANCE DIRECTOR: 

The City hired Fugro Roadware, Inc. to develop a pavement condition survey and prioritized maintenance plan for roadways maintained by the City, and then later adopted the Pavement Management Program. As part of the adopted plan, total funding would amount to \$1.1 million for the first year (2016) and \$1.25 million for the second year (2017), which comprised various maintenance techniques including crack seal, slurry seal, mill and overlay, and full reconstruction. The City consulted IDS Engineering Group to develop specifications for the Pavement Management Program Year 2 slurry seal overlay project. The work was completed and the project was placed for bid in July with the bid opening being held July 28, 2017. Two bids were received with Viking Construction being the apparent lowest bid.

Staff along with IDS Engineering, Inc. evaluated the contractor and recommends awarding the slurry seal overlay project to Viking Construction, Inc. for a total project

cost of \$367,725. Additionally, staff recommends authorizing the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000.

In regards to the overall status of the Pavement Management program, the slurry seal bids represent some degree of savings over what was originally anticipated. With the low bids received on the recent crack seal and slurry seal projects, in addition to the carryover from the 2016 Street Maintenance program, city staff is proposing to utilize the remaining funds to accelerate and complete the reconstruction of Singing Wind Drive by the end of the 2017 paving season. This will be one of the first roadway reconstruction projects that the City has recently bid out, and staff is hopeful that this approach will assist in catching up on the growing reconstruction list that has traditionally been tasked to our internal staff crews.

RECOMMENDED ACTION

Authorize the City Manager to execute a construction contract with Viking Construction, Inc. for the 2017 Slurry Seal Project in the amount of \$367,725 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000.

Project Name : 2017 Slurry Seal Project

Engineering Number: PW#16-007

Bid Opening: July 28, 2017



August 1, 2017

Mr. Kyle Burow, P.E., CFM
City of Kerrville
701 Main Street
Kerrville, TX 78028

Reference: 2017 Slurry Seal Project- Bid Recommendation

Dear Mr. Burow:

6S Engineering, Inc. has reviewed the bid proposals for the above referenced project. There were two (2) bidders for the project. It is recommended that Viking Construction, Inc. be awarded the Base Bid contract for the Base Bid amount of \$367,725.00. If there are any questions or concerns, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink that reads 'Jess W. Swaim'.

Jess Swaim, P.E.
Vice President

Year 2 Slurry Seal Street Segments

Segment ID	Street	From	To	Network Priority	Pavement Area
RD-4590	Avery Rd N		Lessie Ln N	6.5	6,391.56 ft ²
RD-4557	Avery Rd N	Lessie Ln N		7	21,810.48 ft ²
RD-2354	Barnett St N	Short St N	Washington St N	7	10,331.20 ft ²
RD-3239	Bluebell Rd N	Elm Ridge Rd N	Lake Dr N	7	16,161.66 ft ²
RD-1853	Bow Dr N		Weston Loop N	7	9,641.70 ft ²
RD-2006	Bow Ln N	Sky Blue Dr N	Michelle Dr N	7	8,526.33 ft ²
RD-1793	Bridle Path N	Trails End Ln N	Sailing Way N	6.5	6,265.62 ft ²
RD-2713	Country Club Dr N			8	28,152.90 ft ²
RD-3061	Degrasse Dr N		Victory Ln N	7	8,263.89 ft ²
RD-2996	Degrasse Dr N	Yorktown Blvd N	Fitch St N	8	2,378.16 ft ²
RD-2385	Earl Garrett St N	Barnett St N	North St N	6.5	28,459.64 ft ²
RD-3067	Fairview Dr N	Jackson Rd N	Lee St N	8	8,651.07 ft ²
RD-1190	Greenbriar Cir E		Riverhill Blvd E	6.5	13,138.47 ft ²
RD-5694	Kite Dr E			7	3,013.47 ft ²
RD-3349	Lantern Pkwy N			7	4,715.28 ft ²
RD-2982	Lee St N	Galbraith Ave N	Jackson Rd N	7	16,089.84 ft ²
RD-2481	Lowry St S	Starkey St S	Hamilton St S	7.5	7,719.60 ft ²
RD-1780	Mesa Park Dr N	Bridle Path N	Bridle Path N	7	24,513.03 ft ²
RD-3315	Mockingbird Ln N	Tanager St N	Jackson Rd N	7	9,765.09 ft ²
RD-3993	Mountain Laurel Vw N	Laurelwood Dr N	Coronado Dr N	7	5,958.36 ft ²
RD-2479	Myrta St N	Hillcrest Ave N	Earl Garrett St N	6.5	1,254.15 ft ²
RD-3392	Oriole Dr N	Overhill Dr N	Cardinal Dr N	6.5	9,649.26 ft ²
RD-3441	Oriole Dr N	Mockingbird Ln N	Overhill Dr N	7	9,707.04 ft ²
RD-5735	Peterson Farm Rd N	Al Mooney Rd N		6.5	11,852.10 ft ²
RD-2875	Ridge Dr N		Dean Dr N	6.5	2,168.37 ft ²
RD-5765	Riverhill Club Ln E			7	8,346.00 ft ²
RD-1713	Shaun St N	Amelia Ct N	Rankin Nix Dr N	7	7,547.31 ft ²
RD-3489	Sika Dr W	Fallow Dr W	Homestead Dr W	7	3,601.53 ft ²
RD-3487	Timberway Ln N			7.5	2,224.56 ft ²
RD-2361	Tivy St N	4th St N	Myrta St N	7	1,341.09 ft ²
RD-2331	Tivy St N	3rd St N	Barnett St N	7.5	28,735.60 ft ²
RD-5573	Vista Ridge Dr N	Summit Spur N	Summit Spur N	6.5	792.05 ft ²
RD-4103	W Bluff Dr N	W Crest Dr N	Meadow Ridge Dr N	7	17,383.14 ft ²
RD-4180	W Crest Dr N	Bluff Ridge Dr N	Foothills Dr N	7	13,209.74 ft ²
RD-4073	W Ridge Cir N	W Crest Dr N		7	8,361.36 ft ²
RD-2737	W Schreiner St N	Swigert St N	Webster Ave N	6.5	17,431.74 ft ²
RD-2861	W Schreiner St N	Town Creek Rd N	Wallace St N	7	31,076.02 ft ²
RD-2378	Washington St N	Bulwer Ave N	Barnett St N	6.5	10,053.99 ft ²
RD-2306	Washington St N	North St N	Jefferson St N	7	19,025.60 ft ²
RD-2353	Washington St N	Barnett St N	North St N	7	25,980.80 ft ²
RD-2543	Washington St N		Moore St N	7	7,290.00 ft ²
RD-2470	Washington St N	Wheless Ave N	Myrta St N	7.5	10,926.90 ft ²
RD-2510	Washington St N	Moore St N	Prescott St N	7.5	1,640.79 ft ²
RD-1689	Whelan Dr N			6.5	21,242.24 ft ²
RD-2079	Woodside Dr N		Travis St N	6.5	10,666.89 ft ²

Agenda Item:

4C. Amendment to the interlocal agreement for the continued existence of a Joint Airport Board to provide management of Kerrville/Kerr County Airport. (staff)

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

SUBJECT: First Amendment to the Interlocal Agreement for the continued existence of a Joint Airport Board to provide management of Kerrville/Kerr County Airport

FOR AGENDA OF: August 8, 2017 **DATE SUBMITTED:** July 28, 2017

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Mark McDaniel
E.A. Hoppe Deputy City Manager City Manager

EXHIBITS: Draft of First Amendment to the Interlocal Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required: \$0	Current Balance in Account: \$0	Amount Budgeted: \$0	Account Number: N/A
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PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

In February 2017 representatives of the Airport Board presented a plan to the City Council to stagger the terms of the Board to better facilitate ongoing continuity. The City Council approved the general concept, recognizing that the Board still needed to work out the exact details of the Amendment and also gain approval from Kerr County. Those details have now been worked through and the subsequent First Amendment to the Interlocal Agreement is on your Agenda for approval.

RECOMMENDED ACTION

Approve the First Amendment to the Interlocal Agreement for the continued existence of a Joint Airport Board to provide management of Kerrville/Kerr County Airport, as presented.

D R A F T 7/10/17

FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT FOR THE CONTINUED EXISTENCE OF A JOINT AIRPORT BOARD TO PROVIDE MANAGEMENT OF KERRVILLE/KERR COUNTY AIRPORT

This First Amendment to the *Interlocal Agreement for the Continued Existence of a Joint Airport Board to Provide Management of Kerrville/Kerr County Airport* (“Agreement”) by and between Kerr County, Texas (“County”) and the City of Kerrville, Texas (“City”) and fully executed on or about the _____ day of _____, 2017, is made and entered into by and between the County and City and amends the Agreement as follows:

1. Section 3. Joint Airport Board of the Agreement is amended by deleting the language that is bracketed and stricken (~~]~~) and adding the language that is underlined (added) as follows:

“**3. Joint Airport Board:** The Parties affirm the creation and continued existence of the Joint Airport Board (“Board”). The Board shall consist and operate as follows:

(a) Membership. The Board shall be comprised of five members. The approval by each Party is required to constitute an appointment to the Board.

(b) Term of Office. Each Board member shall be appointed for a ~~[two]~~ three-year term and shall continue to serve in this capacity until their successor is appointed and is duly qualified. Upon the death of any member or should any member resign or for any reason become unable to serve, a replacement shall be appointed in the same manner as provided below to fill the vacancy for the unexpired term.

(c) Staggering. In an effort to increase efficiency and promote good governance of the Board, the positions of the Board are staggered as follows:

1) Place 1 – current term to expire May 31, 2018;

2) Place 2 – current term to expire May 31, 2019;

3) Place 3 – current term to expire May 31, 2020;

4) Place 4 – current term to expire May 31, 2021;

5) Place 5 – current term to expire May 31, 2022;

Each “current term” specified above shall count as a single, 3-year term, regardless of whether such term is greater than or less than three years.

([e]d) Oath. Following appointment, each Board member shall qualify for office by taking the required oath of office before the County Judge.

([d]e) Appointment. The process for appointment by action of each Party shall be as designated below:

- 1) The Board shall recommend persons to the County and City for consideration of appointment. The Board shall submit the names of such persons to each Party at least 60 days prior to the end of the particular place's term. In the event that a candidate recommended by the Board is not appointed by either Party, the Board shall recommend an alternative candidate. In the event that this second candidate is not appointed by either Party, the Board shall select another candidate who will be automatically appointed to the Board without the approval of the Parties.
- 2) It is deemed desirable that all Board members possess and will contribute a balance of expertise in business, financial, aviation, or management training and experience. Appointments shall be made on or before June 1 of each year.
- 3) Replacement of members shall be in the same manner and under the same qualification as described above with such replacement being appointed to fulfill only that portion of the remaining term, in which instance service for this partial term shall count as having served a full three-year term.
- 4) Any Board member may be removed by a majority vote of each Party, for any reason. In addition, the Board may recommend to the County and City that a Board member be removed.
- 5) Board members shall be eligible for reappointment, but Board members are prohibited from serving more than 3 consecutive, [2]3-year terms.”

2. Except as amended in Section 1, above, County and City agree that the Agreement is and shall remain in full force and effect in accordance with its terms.

APPROVED AND ADOPTED by the Commissioners Court of Kerr County, Texas, on the _____ day of _____, 2017, and by the City Council for the City of Kerrville, Texas, on the _____ day of _____, 2017.

CITY OF KERRVILLE, TEXAS

COUNTY OF KERR, TEXAS

By: _____
Bonnie White, Mayor

By: _____
Tom Pollard, County Judge

ATTEST:

Brenda G. Craig, City Secretary

ATTEST:

Jody Grinstead, Court Coordinator

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

APPROVED AS TO FORM:

Heather Stebbins, County Attorney

Agenda Item:

5A. Ordinance No. 2017-15 authorizing the City Manager to execute a commercial contract – unimproved property for an approximate 2.15 acre tract of land out of the Walter Fosgate Survey No. 120, Abstract No. 138, within the City of Kerrville, Kerr County, Texas, and more commonly known as the former city hall site located at 800 Junction Highway (SH27); authorizing the City Manager to execute a special warranty deed to convey this property and to take any other reasonable and necessary action to close on the sale of the property; repealing all conflicting ordinances; providing for severability, and declaring an effective date. (staff)

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

SUBJECT: Ordinance No. 2017-15 authorizing the City Manager to execute a commercial contract – unimproved property for an approximate 2.15 acre tract of land out of the Walter Fosgate Survey No. 120, Abstract No. 138, within the City of Kerrville, Kerr County, Texas, and more commonly known as the former city hall site located at 800 Junction Highway (SH27); authorizing the City Manager to execute a special warranty deed to convey this property and to take any other reasonable and necessary action to close on the sale of the property; repealing all conflicting ordinances; providing for severability, and declaring an effective date.

FOR AGENDA OF: August 8, 2017 **DATE SUBMITTED:** July 28, 2017

SUBMITTED BY: E.A. Hoppe

Deputy City Manager

CLEARANCES: Mark McDaniel
City Manager

EXHIBITS: Contract for sale of real property

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account: \$ 0	Amount Budgeted: \$ 0	Account Number: N/A
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

On July 11th, the City Council reviewed a Letter of Intent for the sale of City owned real property located at 800 Junction Highway. Staff and the City's contract real-estate agent coordinated on the development of a real estate contract, which must be approved by Ordinance. On July 25th the City Council unanimously approved the Ordinance approving the sales contract on first reading. This is the second and final reading.

RECOMMENDED ACTION

Approve the contract for the sale of real property located at 800 Junction Hwy (SH 27).

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2017-15**

**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXECUTE
A COMMERCIAL CONTRACT – UNIMPROVED PROPERTY FOR AN
APPROXIMATE 2.15 ACRE TRACT OF LAND OUT OF THE WALTER
FOSGATE SURVEY NO. 120, ABSTRACT NO. 138, WITHIN THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS, AND MORE COMMONLY
KNOWN AS THE FORMER CITY HALL SITE LOCATED AT 800
JUNCTION HIGHWAY (SH 27); AUTHORIZING THE CITY MANAGER
TO EXECUTE A SPECIAL WARRANTY DEED TO CONVEY THIS
PROPERTY AND TO TAKE ANY OTHER REASONABLE AND
NECESSARY ACTION TO CLOSE ON THE SALE OF THE PROPERTY;
REPEALING ALL CONFLICTING ORDINANCES; PROVIDING FOR
SEVERABILITY, AND DECLARING AN EFFECTIVE DATE**

WHEREAS, the City of Kerrville (“City”), currently owns the property located at 800 Junction Highway, which was previously used as the site for City Hall (the “Property”); and

WHEREAS, pursuant to Section 253.014 of the Texas Local Government Code, the City previously entered into a contract with a broker to sell the Property; and

WHEREAS, the broker recently brought the City an offer for the Property, which was reviewed by City Council; and

WHEREAS, the proposed buyer has submitted a *Commercial Contract – Unimproved Property* to the City, which the broker and City staff reviewed and have now presented to City Council for its review and approval; and

WHEREAS, Section 253.001 of the Texas Local Government Code gives a city the authority to sell and convey land that it owns as a site for its city hall; and

WHEREAS, subsection (c) of Section 253.001 of the Texas Local Government Code requires City Council to adopt an ordinance directing the City Manager to execute the conveyance; and

WHEREAS, subsection (d) of Section 253.001 of the Texas Local Government Code requires “[t]he proceeds of the sale may be used only to acquire or improve property for the purposes for which the sold property was used”; and

WHEREAS, following its review and consideration, the City Council finds that it is in the public interest to authorize the City Manager to execute the *Commercial Contract – Unimproved Property* for the Property and to take any other reasonable and necessary action to close on the Property;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The City Manager is authorized to execute the *Commercial Contract – Unimproved Property*, as attached as **Exhibit A**, for the tract of land containing approximately 2.15 acres out of the Walter Fosgate Survey No. 120, Abstract No. 138, within the City of Kerrville, Kerr County, Texas, and more commonly known as the former City Hall site located at 800 Junction Highway (SH 27).

SECTION TWO. The City Manager is authorized to execute a Special Warranty Deed to convey the Property and to take any other reasonable and necessary action to close on the Property.

SECTION THREE. Following closing and the City's receipt of proceeds from the sale of the Property, the City Manager is directed to deposit the proceeds and to designate them for use only to acquire or improve property for the purposes for which the sold property was used, in compliance with state law.

SECTION FOUR. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict.

SECTION FIVE. If any provision of the Ordinance, or the application thereof to any person or circumstances, shall be held invalid or unconstitutional by a Court of competent jurisdiction, such invalidity shall not affect the other provisions, or application thereof, of this Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are declared to be severable.

SECTION SIX. The provisions of this Ordinance are effective upon final passage and approval by City Council.

PASSED AND APPROVED ON FIRST READING, this the 25 day of July, 2017.

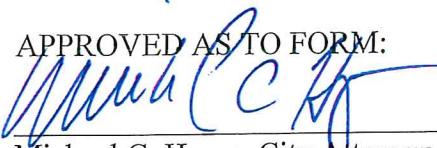
PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, 2017.

ATTEST:

Bonnie White, Mayor

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

EXHIBIT A



TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED
©Texas Association of REALTORS®, Inc. 2018

1. PARTIES: Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: City of Kerrville

Address: 701 Main St, Kerrville, TX 78026
Phone: 830-257-8000 E-mail: mike.hayes@KerrvilleTx.gov
Fax: _____ Other: _____

Buyer: Hossein Hagigholam and or assigns

Address: 215 Junction Hwy, Kerrville, TX 78028
Phone: (830)257-2482 E-mail: hagi@mamacitas.com
Fax: _____ Other: _____

2. PROPERTY:

A. "Property" means that real property situated in Kerr County, Texas at 800 Junction Hwy (address) and that is legally described on the attached Exhibit "A" or as follows: Walter Fosgate Survey #120, Abstract #138, 2.15 acres, more or less, see Exhibit "A" attached.

DRAFT

B. Seller will sell and convey the Property together with: *but limited to*
(1) all rights, privileges, and appurtenances pertaining to the Property *including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;*
(2) *Seller's interest in all leases, rents, and security deposits for all or part of the Property, and*
(3) *Seller's interest in all licenses and permits related to the Property.*

*(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
(If mineral rights are to be reserved an appropriate addendum should be attached.)*

3. SALES PRICE:

A. At or before closing, Buyer will pay the following sales price for the Property:

(1) Cash portion payable by Buyer at closing	\$ <u>688,000.00</u>
(2) Sum of all financing described in Paragraph 4	\$ _____
(3) Sales price (sum of 3A(1) and 3A(2))	\$ <u>688,000.00</u>

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

B. Adjustment to Sales Price: (Check (1) or (2) only.)

(1) The sales price will not be adjusted based on a survey.

(2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of \$ _____ per:

(i) square foot of total area net area.
 (ii) acre of total area net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:

(i) public roadways;
 (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and
 (iii) _____

(c) If the sales price is adjusted by more than _____ % of the stated sales price, either party may terminate this contract by providing written notice to the other party within _____ days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

A. **Third Party Financing:** One or more third party loans in the total amount of \$ _____ This contract:
 (1) is not contingent upon Buyer obtaining third party financing.
 (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TAR-1931).

B. **Assumption:** In accordance with the attached Commercial Contract Financing Addendum (TAR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ _____.

C. **Seller Financing:** The delivery of a promissory note and deed of trust to Seller under the terms of the attached Commercial Contract Financing Addendum (TAR-1931) in the amount of \$ _____.

5. EARNEST MONEY:

A. Not later than 3 days after the effective date, Buyer must deposit \$ \$25,000.00 as earnest money with **Kerr County Abstract & Title** (title company) at **712 Earl Garrett** (address) **Jarrod Hamil** (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of \$ _____ with the title company to be made part of the earnest money on or before:
 (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
 (ii) _____ days after Seller notifies Buyer that Buyer has not timely deposited the additional amount. Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY AND SURVEY:

A. Title Policy:

(1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:

- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
- (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.

(2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:

- (a) will not be amended or deleted from the title policy.
- (b) will be amended to read "shortages in areas" at the expense of Buyer Seller.

(3) Within 10 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within 10 days after the effective date:

(1) Buyer ~~will~~ obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer no reimbursement (insert amount) of the cost of the survey at closing, if closing occurs.

(2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

(3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller no reimbursement (insert amount) of the cost of the new or updated survey at closing, if closing occurs.

C. Buyer's Objections to the Commitment and Survey:

(1) Within 10 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies,

EXHIBIT A

Commercial Contract- Unimproved Property concerning 800 Junction Hwy

Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

- (2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.
- (3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: N/A

B. Feasibility Period: Buyer may terminate this contract for any reason within 30 days after the effective date (feasibility period) by providing Seller written notice of termination. (Check only one box.)

(1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ 100.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

(2) Not later than 3 days after the effective date, Buyer must pay Seller \$ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Buyer must:
(a) employ only trained and qualified inspectors and assessors;
(b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
(c) abide by any reasonable entry rules or requirements of Seller;
(d) not interfere with existing operations or occupants of the Property; and
(e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within 10 days after the effective date, Seller will deliver to Buyer: (Check all that apply.)

(a) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;

(b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;

(c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;

(d) copies property tax statements for the Property for the previous 2 calendar years;

(e) plats of the Property;

(f) copies of current utility capacity letters from the Property's water and sewer service provider; and

(g) as shown on attached amendment "B"

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: (Check all that apply.)

(a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;

(b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied; and

(c) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

(1) any failure by Seller to comply with Seller's obligations under the leases;

(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;

(3) any advance sums paid by a tenant under any lease;

(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:

(1) 10 days after the expiration of the feasibility period.
 September 5, 2017 (specific date).

(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver, at Seller's expense, a general special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:

(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;

(2) without any assumed loans in default; and

(3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:

(1) tax statements showing no delinquent taxes on the Property;

(2) an assignment of all leases to or on the Property;

(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;

(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;

(5) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and

(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:

(1) pay the sales price in good funds acceptable to the title company;

(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;

(3) sign and send to each tenant in a lease for any part of the Property a written statement that:

(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and

(b) specifies the exact dollar amount of the security deposit;

(4) sign an assumption of all leases then in effect; and

(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. (If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)
see Addendum Exhibit "B"

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:

- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
- (2) release of Seller's loan liability, if applicable;
- (3) tax statements or certificates;
- (4) preparation of the deed;
- (5) one-half of any escrow fee;
- (6) costs to record any documents to cure title objections that Seller must cure; and
- (7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:

- (1) all loan expenses and fees;
- (2) preparation of any deed of trust;
- (3) recording fees for the deed and any deed of trust;
- (4) premiums for flood insurance as may be required by Buyer's lender;
- (5) one-half of any escrow fee;
- (6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

- (1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

15. DEFAULT:

- A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(3) which Seller may pursue; or
(Check if applicable)
 enforce specific performance, or seek such other relief as may be provided by law.
- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
 - (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
 - (2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
 - (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
 - (2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

- A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or
- B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
 - (1) Seller and the sales price will be reduced by the same amount; or
 - (2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.
- B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.
- C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
- D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursal of the earnest money.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.

F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

G. Seller Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: (Check only one box.)

A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TAR-1408).

B. Except as otherwise provided in this contract, Seller is not aware of:
(1) any subsurface: structures, pits, waste, springs, or improvements;
(2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
(3) any environmental hazards or conditions that materially affect the Property;
(4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
(5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
(6) any wetlands, as defined by federal or state law or regulation, on the Property;
(7) any threatened or endangered species or their habitat on the Property;
(8) any present or past infestation of wood-destroying insects in the Property's improvements;
(9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
(10) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
 B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: (Check all that apply.)

(1) Property Description Exhibit identified in Paragraph 2;

(2) Commercial Contract Financing Addendum (TAR-1931);

(3) Commercial Property Condition Statement (TAR-1408);

(4) Commercial Contract Addendum for Special Provisions (TAR-1940);

(5) Notice to Purchaser of Real Property in a Water District (MUD);

(6) Addendum for Coastal Area Property (TAR-1915);

(7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);

(8) Information About Brokerage Services (TAR-2501); and

(9) _____

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

E. Buyer may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receives this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.

B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.

C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

EXHIBIT A

Commercial Contract - Unimproved Property concerning 800 Junction Hwy

- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract.
- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.
- H. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on _____, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: City of Kerrville

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By: _____

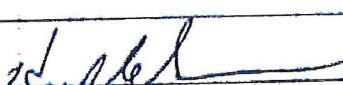
By (signature): _____

Printed Name: _____

Title: _____

Buyer: Hossein Haghigholam and or assigns

By: _____

By (signature): 

Printed Name: _____

Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

EXHIBIT A

Commercial Contract -Unimproved Property concerning 800 Junction Hwy

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay Bruckman Commercial (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

\$ 3, or
 3 % of the sales price, or
 3 % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: Sue Tiemann

By: Sue Tiemann

Cooperating Broker: Bruce Stracke

By: _____

ATTORNEYS

Seller's attorney: _____

Address: _____

Phone & Fax: _____

E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

the title company sends to Seller.
 Buyer sends to Seller.

Buyer's attorney: _____

Address: _____

Phone & Fax: _____

E-mail: _____

Buyer's attorney requests copies of documents, notices, and other information:

the title company sends to Buyer.
 Seller sends to Buyer.

DRAFT

ESCROW RECEIPT

The title company acknowledges receipt of:

A. the contract on this day _____ (effective date);
 B. earnest money in the amount of \$ _____ in the form of _____
on _____.

Title company: _____

Address: _____

By: _____

Phone & Fax: _____

Assigned file number (GF#): _____

E-mail: _____

EXHIBIT A

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Kerr CAD

Property Search Results > 64074 CITY OF KERRVILLE for Year 2016

Property

Account		
Property ID:	64074	Legal Description: ABS A0138 FOSGATE, SUR 120, TRACT (CITY HALL), ACRES 0.97
Geographic ID:	0138-0120-009000	Agent Code:
Type:	Real	
Property Use Code:		
Property Use Description:		
Location		
Address:	800 JUNCTION HWY N KERRVILLE, TX 78028	Mapco:
Neighborhood:		Map ID: L30
Neighborhood CD:		
Owner		
Name:	CITY OF KERRVILLE	Owner ID: 14062
Mailing Address:	701 MAIN ST KERRVILLE, TX 78028-5301	% Ownership: 100.0000000000%
		Exemptions: EX-XV

Values

(+) Improvement Homesite Value:	+	\$0
(+) Improvement Non-Homesite Value:	+	\$0
(+) Land Homesite Value:	+	\$0
(+) Land Non-Homesite Value:	+	\$211,265 Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0
(+) Timber Market Valuation:	+	\$0
 (-) Market Value:	=	 \$211,265
(-) Ag or Timber Use Value Reduction:	-	\$0
 (-) Appraised Value:	=	 \$211,265
(-) HS Cap:	-	\$0
 (-) Assessed Value:	=	 \$211,265

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Taxing Jurisdiction

Owner: CITY OF KERRVILLE

% Ownership: 100.0000000000%

Total Value: \$211,265

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	Central Appraisal District	0.000000	\$211,265	\$0	\$0.00
CKV	CITY OF KERRVILLE	0.562500	\$211,265	\$0	\$0.00
GKR	KERR COUNTY	0.467700	\$211,265	\$0	\$0.00
HLT	LATERAL ROADS	0.032300	\$211,265	\$0	\$0.00
SKV	KERRVILLE I.S.D.	1.180000	\$211,265	\$0	\$0.00
UGR	UPPER GUADALUPE RIVER AUTHORITY	0.024400	\$211,265	\$0	\$0.00
WHU	HEADWATERS GROUNDWATER CONSERVATION DISTRICT	0.007400	\$211,265	\$0	\$0.00
Total Tax Rate:		2.274300			
Taxes w/Current Exemptions:					\$0.00
Taxes w/o Exemptions:					\$4,804.80

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	F1	F1	0.9700	42253.00	0.00	0.00	\$211,265	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2017	\$0	\$211,265	0	\$211,265	\$0	\$211,265
2016	\$0	\$211,265	0	\$211,265	\$0	\$211,265
2015	\$0	\$211,265	0	\$211,265	\$0	\$211,265

EXHIBIT A
EXHIBIT "A"

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2014	\$0	\$211,265	0	211,265	\$0	\$211,265
2013	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2012	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2011	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2010	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2009	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2008	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2007	\$664,510	\$13,095	0	877,605	\$0	\$877,605
2006	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2005	\$664,510	\$211,265	0	875,775	\$0	\$875,775
2004	\$664,510	\$147,886	0	812,398	\$0	\$812,398
2003	\$664,510	\$147,886	0	812,396	\$0	\$812,396
2002	\$664,510	\$147,886	0	812,396	\$0	\$812,396
2001	\$664,510	\$147,886	0	812,396	\$0	\$812,396
2000	\$664,510	\$147,886	0	812,396	\$0	\$812,396
1999	\$664,510	\$147,886	0	812,396	\$0	\$812,396
1998	\$664,510	\$147,886	0	812,398	\$0	\$812,396

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Granted	Volume	Page	Deed Number
1	2/16/1984	WD	Warranty Deed	LCRA	CITY OF KERRVILLE	291	090	0

Questions Please Call (830) 895-5223

Website version: 1.2.2.11

Database last updated on: 5/1/2017 10:51 PM

© N. Harris Computer Corporation

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EXHIBIT A **Page 3 of 9**

Kerr CAD

Property Search Results > 64075 CITY OF KERRVILLE for Year 2016

Property

Account			
Property ID:	64075	Legal Description:	ABS A0138 FOSGATE, SUR 120, TRACT (CITY HALL PARKING LOT), ACRES 1.0
Geographic ID:	0138-0120-010000	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			
Location			
Address:	800 JUNCTION HWY N KERRVILLE, TX 78028	Mapco:	
Neighborhood:		Map ID:	M30
Neighborhood CD:			
Owner			
Name:	CITY OF KERRVILLE	Owner ID:	14062
Mailing Address:	701 MAIN ST KERRVILLE, TX 78028-5301	% Ownership:	100.0000000000%
		Exemptions:	EX-XV

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$56,628	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(-) Market Value:	=	\$56,628	
(-) Ag or Timber Use Value Reduction:	=	\$0	
(-) Appraised Value:	=	\$56,628	
(-) HS Cap:	=	\$0	
(-) Assessed Value:	=	\$56,628	

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Taxing Jurisdiction

Owner: CITY OF KERRVILLE
 % Ownership: 100.0000000000%
 Total Value: \$56,628

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	Central Appraisal District	0.000000	\$56,628	\$0	\$0.00
CKV	CITY OF KERRVILLE	0.582500	\$56,628	\$0	\$0.00
GKR	KERR COUNTY	0.467700	\$56,628	\$0	\$0.00
ALT	LATERAL ROADS	0.032300	\$56,628	\$0	\$0.00
SKV	KERRVILLE I.S.D.	1.180000	\$56,628	\$0	\$0.00
UGR	UPPER GUADALUPE RIVER AUTHORITY	0.024400	\$56,628	\$0	\$0.00
WHU	HEADWATERS GROUNDWATER CONSERVATION DISTRICT	0.007400	\$56,628	\$0	\$0.00
Total Tax Rate:		2.274900			
					Taxes w/Current Exemptions: \$0.00
					Taxes w/o Exemptions: \$1,207.89

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	F1		1.3000	56628.00	0.00	0.00	\$56,628	\$0

Roll Value History

Year	Improvements	Land	Market	Ag Valuation	Appraised	HS Cap	Assessed
2017	\$0		\$56,628	0	\$56,628	\$0	\$56,628
2016	\$0		\$56,628	0	\$56,628	\$0	\$56,628
2015	\$0		\$56,628	0	\$56,628	\$0	\$56,628

EXHIBIT A
EXHIBIT D

PAGE 4 of 9

2014	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2013	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2012	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2011	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2010	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2009	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2008	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2007	\$0	\$17,550	0	17,550	\$0	\$17,550
2006	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2005	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2004	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2003	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2002	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2001	\$0	\$56,628	0	\$6,628	\$0	\$56,628
2000	\$0	\$56,628	0	\$6,628	\$0	\$56,628
1999	\$0	\$56,628	0	\$6,628	\$0	\$56,628
1998	\$0	\$56,628	0	\$6,628	\$0	\$56,628

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	2/18/1984	WD	Warranty Deed	LCRA	CITY OF KERRVILLE	291	090	0

Questions Please Call (830) 895-5223

Website version: 1.3.2.11

Database last updated on: 5/1/2017 10:51 PM

© N. Harris Computer Corporation

DRAFT

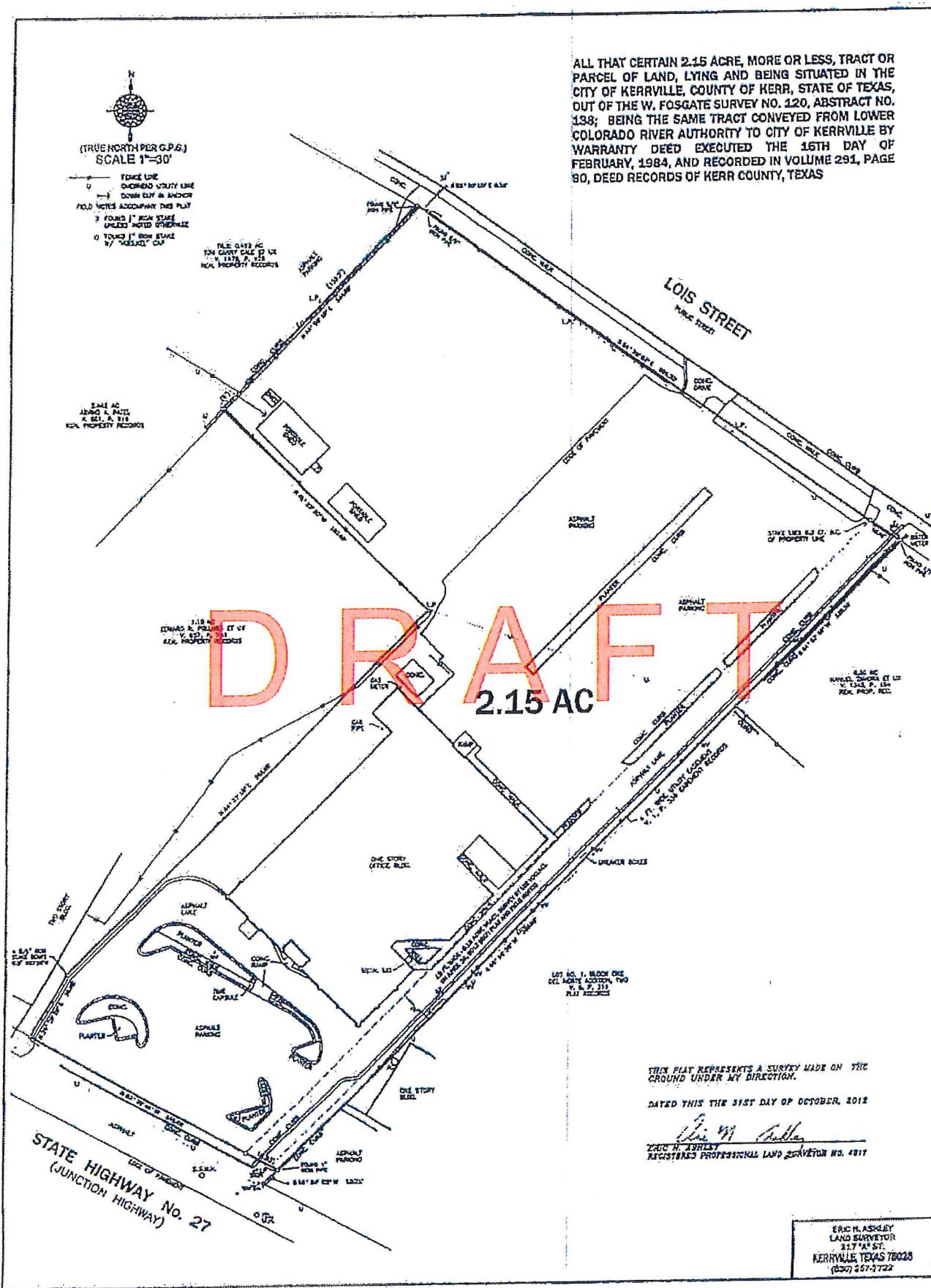
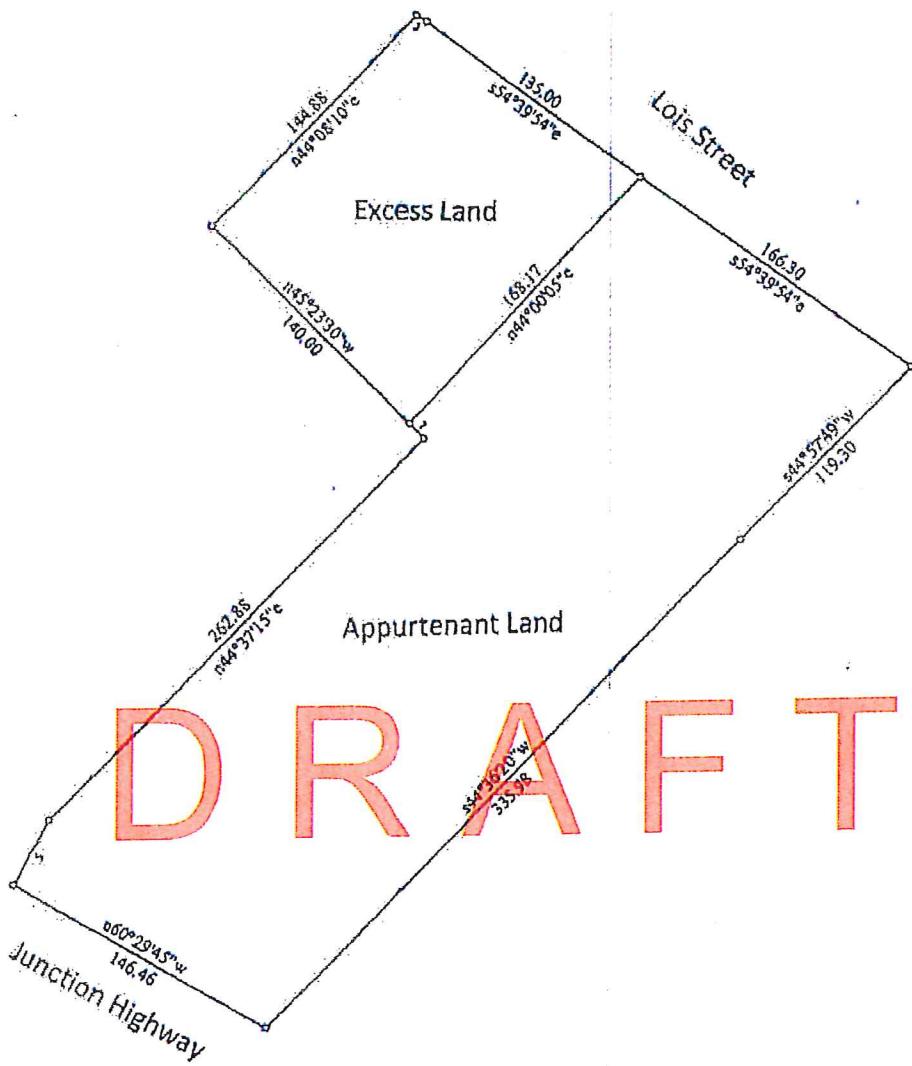


EXHIBIT A Page 6 of 9



Title:

Date: 11-06-2012

Scale: 1 inch = 85 feet

File: Merged.des

Tract 1: 1.647 Acres: 71750 Sq Feet: Closure = n47.3135e 0.00 Feet: Precision = 1/714544: Perimeter = 1247 Feet
Tract 2: 0.503 Acres: 21918 Sq Feet: Closure = s33.3041w 0.00 Feet: Precision = 1/342206: Perimeter = 594 Feet

001=s54.3954e 166.30
002=s44.5749w 119.30
003=s44.3620w 335.98
004=n60.2945w 146.46
005=n29.2826e 36.88

006=n44.3715e 262.88
007=n45.2330w 10.65
008=n44.0005e 168.17
009=@8 Merge 1
010=n45.2330w 140.00

011=n44.0810e 144.88
012=s59.2010e 6.36
013=s54.3954e 135.00
014=s44.0000w 168.17

EXHIBIT "A"

Page 7 of 7 EXHIBIT A

FIELD NOTES DESCRIPTION OF A 2.15 ACRE TRACT OF LAND
SITUATED IN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS

BEING ALL OF A CERTAIN TRACT OR PARCEL OF LAND CONTAINING 2.15 ACRES, MORE OR LESS, OUT OF THE WALTER FOSGATE SURVEY NO. 120, ABSTRACT NO. 138, IN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS; THE SAME PROPERTY CONVEYED FROM LOWER COLORADO RIVER AUTHORITY TO CITY OF KERRVILLE BY WARRANTY DEED EXECUTED THE 16TH DAY OF FEBRUARY, 1984, AND RECORDED IN VOLUME 291, PAGE 90, DEED RECORDS OF KERR COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a $\frac{1}{2}$ " iron pipe found in the southwest right-of-way line of Lois Street, a public street, for the east corner hereof, the north corner of that 0.30 acre tract conveyed to Manuel Zamora et ux by deed recorded in Volume 1345, Page 154, Real Property Records of Kerr County, Texas;

THENCE along the southeast line hereof: 1) S 44° 57' 49" W 119.30 ft. to a $\frac{1}{2}$ " iron stake found at the west corner of said 0.30 acre tract, the north corner of Lot No. 1, Block One, of Del Norte Addition, Two, a subdivision of record in Volume 6, Page 311, Plat Records of Kerr County, Texas; and 2) S 44° 36' 20" W 335.98 ft. to a 1" iron pipe found in the northeast right-of-way line of State Highway No. 27 (Junction Highway), for the south corner hereof, from which a $\frac{1}{2}$ " iron stake found at the west corner of said Lot No. 1 bears 10.21 ft. S 46° 24' 02" W;

THENCE with said right-of-way line of Highway No. 27, N 60° 29' 45" W 146.46 ft. to a $\frac{1}{2}$ " iron stake found at the south corner of that 1.10 acre tract conveyed to Edward R. Pollard et ux by deed recorded in Volume 857, Page 751, Real Property Records of Kerr County, Texas, for the southerly west corner hereof;

THENCE with the common line of said 1.10 acre tract: 1) N 29° 28' 26" E 36.88 ft. to a found $\frac{1}{2}$ " iron stake, from which a 5/8" iron stake bears 0.5 ft. S 03° 36' W; 2) N 44° 37' 15" E 262.88 ft. to a found $\frac{1}{2}$ " iron stake, the east corner of said 1.10 acre tract; and 3) N 45° 23' 30" W 150.65 ft. to a $\frac{1}{2}$ " iron stake found in the southeast line of that 2.442 acre tract conveyed to Arvind A. Patel by deed recorded in Volume 601, Page 816, Real Property Records of Kerr County, Texas, the north corner of said 1.10 acre tract, the northerly west corner hereof;

THENCE along the northerly northwest line hereof, N 44° 08' 10" E at 9 ft. passing the east corner of said 2.442 acre tract, the south corner of that 0.492 acre tract described as "Tract 2" in a deed to Tom Gary Cale et ux, recorded in Volume 1479, Page 429, Real Property Records of Kerr County, Texas, continuing for a total distance of 144.88 ft. to a 5/8" iron pipe found in the southwest right-of-way line of Lois Street, for the north corner hereof, the east corner of said 0.492 acre tract;

THENCE along the northeast line hereof, the southwest right-of-way line of Lois Street: 1) S 59° 20' 10" E 6.36 ft. to a found 3/8" iron pipe; and 2) S 54° 39' 54" E 301.30 ft. to the PLACE OF BEGINNING, containing 2.15 acres of land, more or less, within these metes and bounds. A plat of this survey has been prepared.

The foregoing field notes represent a survey
made on the ground under my direction.

Dated this the 31st day of October, 2012

Eric N. Ashley
Eric N. Ashley
Registered Professional Land Surveyor No. 4617
(Kerrville City Hall, fnd)

EXHIBIT A
EXHIBIT "A" Page 8 of 9



Development Services Department
Planning | Engineering | Building Center | Compliance Center

September 22, 2016

Re: Zoning Verification Letter

To Whom It May Concern,

The City of Kerrville has reviewed the property located at 800 Junction Highway (Tax ID # 64075) and has determined that the property's zoning district is "10-W" West Side 10 District. The subject property was originally zoned "C-2" Community Business Zone in accordance with the 1973 zoning code (Ordinance 73-20). Upon adoption of the 1997 Zoning Code (Ordinance 97-07), the subject property's zoning classification converted to the current "10-W" West Side 10 District. Attached is a zoning map for reference. Please feel free to contact me if you have any questions or concerns. Thank you.


Trenton Robertson, AICP, CFM
City Planner
City of Kerrville
830-258-1184
trent.robertson@kerrvilletx.gov

DRAFT



Zoning Verification

Location: ABS A0138 Fosgate, SUR 120

800 Junction Hwy

Property ID: 64075

Zoning: 10-W

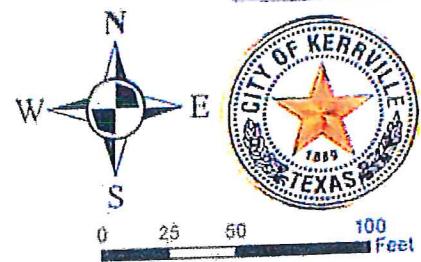


EXHIBIT A Page 10

SURVEY PLAT FOR 0.19 ACRE OF LAND, MORE OR LESS, OUT OF
WALTER FOSGATE SURVEY NO. 120, ABSTRACT NO 138 IN THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS; PART OF A CERTAIN 3.27
ACRE TRACT CONVEYED FROM LOWER COLORADO RIVER
AUTHORITY TO THE CITY OF KERRVILLE BY A WARRANTY DEED
EXECUTED THE 16TH DAY OF FEBRUARY, 1984 AND RECORDED IN
VOLUME 291 AT PAGE 90 OF THE DEED RECORDS OF KERR COUNTY.
TEXAS

DRAFT

SCALE: 1" = 60'

LEGEND

• Vard 720 000

I hereby certify that this plan and accompanying field notes, description and accurate representations of the property shown and described herein as determined by a survey made in the vicinity under my direction and supervision, except no survey was made to establish future lines of corners, and that all property corners are as shown.

June 5, 2013 - Page 12 of 12

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STATE HIGHWAY NO. 71
JUNCTION HIGHWAY

~~EXHIBIT A "A"~~ Page 11

FIELD NOTES DESCRIPTION OF A 2.15 ACRE TRACT OF LAND
SITUATED IN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS

BEING ALL OF A CERTAIN TRACT OR PARCEL OF LAND CONTAINING 2.15 ACRES, MORE OR LESS, OUT OF THE WALTER FOSGATE SURVEY NO. 120, ABSTRACT NO. 138, IN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS; THE SAME PROPERTY CONVEYED FROM LOWER COLORADO RIVER AUTHORITY TO CITY OF KERRVILLE BY WARRANTY DEED EXECUTED THE 16TH DAY OF FEBRUARY, 1984, AND RECORDED IN VOLUME 291, PAGE 90, DEED RECORDS OF KERR COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a $\frac{1}{2}$ " iron pipe found in the southwest right-of-way line of Lois Street, a public street, for the east corner hereof, the north corner of that 0.30 acre tract conveyed to Manuel Zamora et ux by deed recorded in Volume 1345, Page 154, Real Property Records of Kerr County, Texas;

THENCE along the southeast line hereof: 1) S 44° 57' 49" W 119.30 ft. to a $\frac{1}{2}$ " iron stake found at the west corner of said 0.30 acre tract, the north corner of Lot No. 1, Block One, of Del Norte Addition, Two, a subdivision of record in Volume 6, Page 311, Plat Records of Kerr County, Texas; and 2) S 44° 36' 20" W 335.98 ft. to a 1" iron pipe found in the northeast right-of-way line of State Highway No. 27 (Junction Highway), for the south corner hereof, from which a $\frac{1}{2}$ " iron stake found at the west corner of said Lot No. 1 bears 10.21 ft. S 46° 24' 02" W;

THENCE with said right-of-way line of Highway No. 27, N 60° 29' 45" W 146.46 ft. to a $\frac{1}{2}$ " iron stake found at the south corner of that 1.10 acre tract conveyed to Edward R. Pollard et ux by deed recorded in Volume 857, Page 751, Real Property Records of Kerr County, Texas, for the southerly west corner hereof;

THENCE with the common line of said 1.10 acre tract: 1) N 29° 28' 26" E 36.88 ft. to a found $\frac{1}{2}$ " iron stake, from which a 5/8" iron stake bears 0.5 ft. S 03° 36' W; 2) N 44° 37' 45" E 262.88 ft. to a found $\frac{1}{2}$ " iron stake, the east corner of said 1.10 acre tract; and 3) N 45° 23' 30" W 150.65 ft. to a $\frac{1}{2}$ " iron stake found in the southeast line of that 2.442 acre tract conveyed to Arvind A. Patel by deed recorded in Volume 601, Page 816, Real Property Records of Kerr County, Texas, the north corner of said 1.10 acre tract, the northerly west corner hereof;

THENCE along the northerly northwest line hereof, N 44° 08' 10" E at 9 ft. passing the east corner of said 2.442 acre tract, the south corner of that 0.492 acre tract described as "Tract 2" in a deed to Tom Garry Cale et ux, recorded in Volume 1479, Page 429, Real Property Records of Kerr County, Texas, continuing for a total distance of 144.88 ft. to a 5/8" iron pipe found in the southwest right-of-way line of Lois Street, for the north corner hereof, the east corner of said 0.492 acre tract;

THENCE along the northeast line hereof, the southwest right-of-way line of Lois Street: 1) S 59° 20' 10" E 6.36 ft. to a found 3/8" iron pipe; and 2) S 54° 39' 54" E 301.30 ft. to the PLACE OF BEGINNING, containing 2.15 acres of land, more or less, within these metes and bounds. A plat of this survey has been prepared.

The foregoing field notes represent a survey
made on the ground under my direction.

Dated this the 31st day of October, 2012

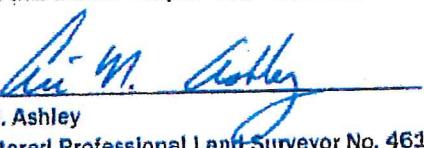

Eric N. Ashley
Registered Professional Land Surveyor No. 4617
(Kerrville City Hall.fnd)



EXHIBIT A

1259

WARRANTY DEED VOLUME 291 PAGE 90

THE STATE OF TEXAS

)
KNOW ALL MEN BY THESE PRESENTS:

THE COUNTY OF KERR

)
(

That LOWER COLORADO RIVER AUTHORITY of the County of Travis and State of Texas, for and in consideration of the sum of Ten and No/100 Dollars and other valuable consideration to the undersigned paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, SOLD and CONVEYED and by these presents do GRANT, SELL and CONVEY unto CITY OF KERRVILLE, a municipal corporation, of the County of Kerr and State of Texas, all of the following described property in Kerr County, Texas, to-wit:

2.27 acres of land, more or less, being situated in Kerr County, Texas, out of and part of Survey No. 120 in the name of Walter Fosgate, Abstract No. 138, being described in two separate deeds.

DRAFT
1.3 acres of Survey No. 120, described in a deed recorded in Volume 101, Page 616 and 617, as follows:

BEGINNING at an iron pipe set in the N.W. line of that 5 acre tract of land heretofore conveyed to B.D. Powell by J. Carter Cavitt, et ux by Deed recorded in Vol. 89, Page 426, and marking the North corner of that 2.07 acre tract conveyed by said B.D. Powell to A.M. Biedenharn by deed recorded in Vol. 97, Page 15 (both of said references being to the Deed Records of Kerr County, Texas), which point is 340.96 feet N. 44 deg. 28' E. from the intersection of the N.W. line of said 5 acre tract with the North ROW line of Texas State Highway No. 27;

THENCE N. 44 deg. 28' E. 156.2 feet to an iron pin in the S. line of Lois Street (extended), and the West corner of that parcel conveyed by B.D. Powell, et ux to the City of Kerrville for street purposes by deed dated August 2, 1957, and recorded in Vol. 101, Page 524 of said Kerr County Deed Records;

THENCE with said street line, S. 60 deg. 11' E. 6.3 feet and S. 54 deg. 15' E. 301.5 feet to an iron pin at the intersection of said street line with the S.E. line of said 5 acre tract, 197.3 feet to an iron pipe set for the East corner of said 2.07 acre tract above mentioned;

THENCE N. 45 deg. W. 301.48 feet to the PLACE OF BEGINNING, and being a part of the 5 acre tract hereinbefore referred to.

0.97 acres of Survey No. 120, described in a deed recorded in Volume 101, Pages 617 and 618, as follows:

EXHIBIT A

VOL 291 PAGE 91

BEGINNING at an iron pin set for the intersection of the North right-of-way line of Texas State Highway No. 27 with the Northwest line of Westland Place Addition to the City of Kerrville, Texas;

THENCE N. 60 deg. 11' W. 146.19 feet with the North right-of-way line of said Highway 27 to an iron pin set for the West corner of the herein described tract;

THENCE N. 29 deg. 49' E. 36.85 feet to an iron pin for corner;

THENCE N. 45 deg. E. 262.73 feet to an iron pin set for the North corner of the herein described tract;

THENCE S. 45 deg. E. 150.74 feet to an iron pin set for the East corner of the herein described tract in the Northwest line of Westland Place Addition to the City of Kerrville, Texas;

THENCE S. 45 deg. W. 260.00 feet with the Northwest line of said Westland Place Addition to the PLACE OF BEGINNING. The tract of land herein conveyed is a part of the same tract which was conveyed to A.M. Biedenharn, Trustee, by B.D. Powell and wife, Lorene Powell by deed dated September 3, 1954, and recorded in Vol. 97, Page 15, Deed Records of Kerr County, Texas.

THIS CONVEYANCE IS MADE AND ACCEPTED SUBJECT TO:

1. City of Kerrville Zoning Ordinances
2. Four (4') foot utility easement to City of Kerrville, recorded in Vol. 1, Page 316, Easement Records, Kerr County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and it does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this 16th day of FEBRUARY, 1984.

LOWER COLORADO RIVER

AUTHORITY

Grantee's Address:
600 Main
Kerrville, Texas 78028

By Elof H. Soderberg
Its GENERAL MANAGER
(Elof H. Soderberg)

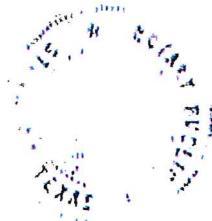
EXHIBIT A

THE STATE OF TEXAS
THE COUNTY OF TRAVIS

VOL 291 PAGE 92

BEFORE ME, the undersigned authority, on this day personally appeared ELOE H. SODERBERG, who is the GENERAL MANAGER of Lower Colorado River Authority, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed, as the act and deed of said Lower Colorado River Authority, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16th day of FEBRUARY, 1984.


Lisa A. Moore 4/1/87
Notary Public
State of Texas
LISA A. MOORE
Notary Public State of Texas

DRAFT

EXHIBIT A

N 44° 29' E 147.2 (calculated)

1.30 AC. TRACT OF LAND
VOL. 101, PG. 616

N 45° W 150.78'

PLAT
OF
27 AC. TRACT OF LAND
OUT OF **DRAFT**
THE W. FOSGATE SUR.
120, ABSTRACT NO. 138
VOL. 101, PG. 616
VOL. 101, PG. 617

SCALE: 1" = 30'

0.97 AC. TRACT OF LAND
VOL. 101, PG. 617

S 45° W 457.3'

EXISTING BUILDING
(See detail)

EXISTING
PARKING LOT
23 SPACES

N 45° E 262.73

N 25° 49' E 56.85

R.O.W. N 60° 11' W 146.88'

60'

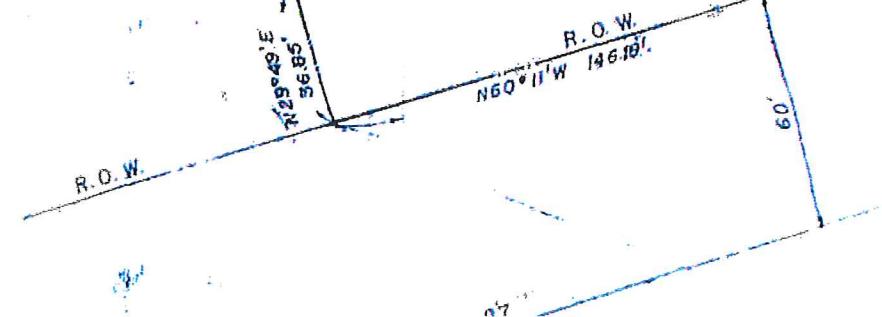


EXHIBIT A

15

PUBLIC RECORDS AND TITLE CO.
P.O. 676-4311 Kerrville, Texas

#1259, INDEXED
W.D. COMPARED

Lower Colorado River Authority
to
City of Kerrville

DRAFT

FILED FOR RECORD

at 4:20 p.m. M

Fee 16 1984

Patricia Dye

Kerr County Clerk, Kerr County, Texas

By Patricia Dye
Deputy

RECORD FILED
RECORDED
RECORDED

Return to:

The City of Kerrville
Signed by City Council
Date February 1984
Volume 35 Page 92
Kerr County Clerk



FEB 21 1984

Patricia Dye

COUNTY CLERK, KERR COUNTY, TEXAS

STATE OF TEXAS
County of Kerr
I hereby certify that this instrument was FILED on the date and at the time stamped
below by the County Clerk, KERR COUNTY, in the Volume and Page of the
Court Record Book as aforesaid herein by me.

Agenda Item:

6A. Ordinance No. 2017-16 annexing an approximate 11.341 acre tract out of the William Watt Survey No. 65, Abstract No. 364; said territory being adjacent to the corporate limits of the City of Kerrville, Texas, and generally located adjacent to property within the Comanche Trace residential subdivision, which is located along State Highway 173; describing the territory to be annexed; adopting a service plan for the territory annexed; and establishing the zoning for the area annexed. (staff)

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

SUBJECT: FIRST READING OF ORDINANCE NO. 2017-16, AN ORDINANCE ANNEXING AN APPROXIMATELY 11.341 ACRE TRACT OF LAND IN THE WILLIAM WATT SURVEY NO. 65, ABSTRACT NO. 364 ADJACENT TO THE CORPORATE LIMITS OF THE CITY OF KERRVILLE, DESCRIBING THE AREA TO BE ANNEXED, ADOPTING A SERVICE PLAN FOR THE TERRITORY ANNEXED, AND ESTABLISHING THE ZONING FOR THE ANNEXED AREA.

FOR AGENDA OF: August 8, 2017

DATE SUBMITTED: August 3, 2017

SUBMITTED BY: Sabine Kuenzel
Ex. Dir. of Dev. Ser.

CLEARANCES: Mark McDaniel
City Manager

EXHIBITS: Location map; Draft of Ordinance No. 2017-16

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *MM*

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

This is this first of two readings of Ordinance No. 2017-16, annexing Section 13 of Comanche Trace and establishing single family zoning. The 11.341 acre tract is part of the 1131.78 acre tract known as Comanche Trace. The applicant's submittal of the preliminary plat of Comanche Trace Phase 13 triggered a request for voluntary annexation, per the development agreement between the City and the developer.

In keeping with the residential nature of the development, staff recommended a zoning classification of Planned Development District – Residential (PDD-Residential), to allow the development of 28 single family lots. This phase of Comanche Trace includes six (6) lots and part of Club House Drive (2.06 acres) previously annexed and zoned. If approved, the requested annexation will allow the connection of Comanche Trace Drive to be completed.

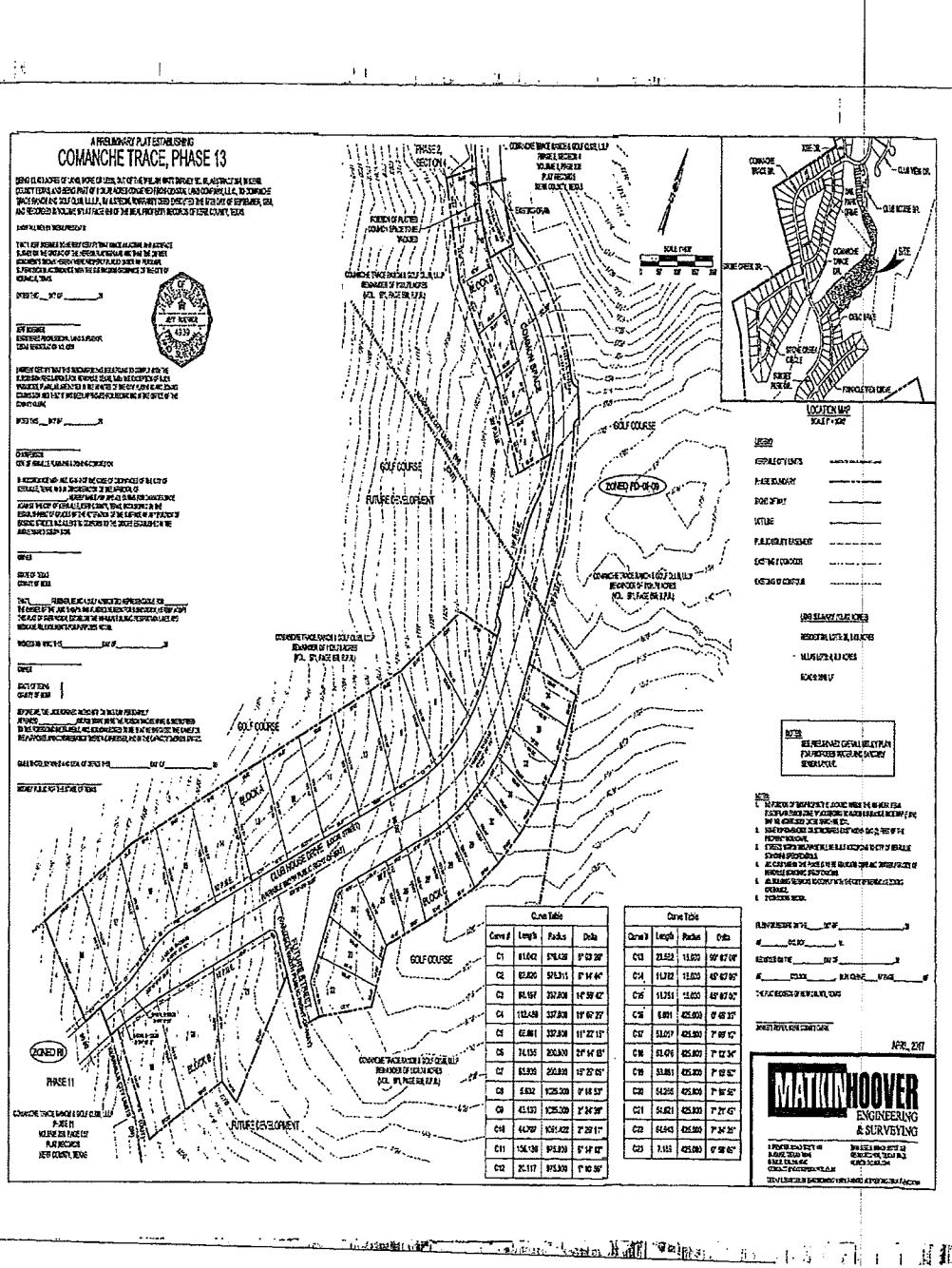
The Planning and Zoning Commission conducted a public hearing on this item at the June 1, 2017 regular meeting and recommended that the Council annex the subject tract and recommended a zoning designation of Planned Development District – Residential. The City Council held its first required public hearing on July 11, 2017 and its second public hearing on July 25, 2017. No public comment was given at either

hearing. Per Texas statutory requirements, no Council action had been scheduled prior to this agenda of August 08, 2017.

RECOMMENDED ACTION

Staff and the Planning and Zoning Commission recommend approval of the First Reading of Ordinance No. 2017-16

Location Map



D R A F T

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2017-16**

**AN ORDINANCE ANNEXING AN APPROXIMATE 11.341 ACRE TRACT
OUT OF THE WILLIAM WATT SURVEY NO. 65, ABSTRACT NO. 364;
SAID TERRITORY BEING ADJACENT TO THE CORPORATE LIMITS
OF THE CITY OF KERRVILLE, TEXAS, AND GENERALLY LOCATED
ADJACENT TO PROPERTY WITHIN THE COMANCHE TRACE
RESIDENTIAL SUBDIVISION, WHICH IS LOCATED ALONG STATE
HIGHWAY 173; DESCRIBING THE TERRITORY TO BE ANNEXED;
ADOPTING A SERVICE PLAN FOR THE TERRITORY ANNEXED;
AND ESTABLISHING THE ZONING FOR THE AREA ANNEXED**

WHEREAS, pursuant to the provisions of that certain agreement dated January 26, 1999, and titled *Development Agreement by and between Comanche Trace Ranch and Golf Club, LLLP, a Colorado Limited Liability Limited Partnership and the City of Kerrville, Texas, for Comanche Trace Ranch and Golf Club*, and Tex. Loc. Govt. Code §43.052(h)(2), the owner of the property described in Section One, below, has petitioned that said property be annexed into the corporate limits of the City of Kerrville, Texas; and

WHEREAS, having provided all required public notices, held all required public hearings at which people with an interest in the matter were provided an opportunity to be heard, and heard all of the arguments related to the petitions submitted, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to approve an ordinance annexing the subject property, adopt a service plan as required by state law, and establish zoning regulations for the area;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF KERRVILLE, KERR COUNTY, TEXAS:**

SECTION ONE. The property described in **Exhibit A** (the “Property”), which is attached hereto and incorporated herein by reference, is hereby annexed and incorporated into the corporate limits of the City of Kerrville, Texas, for all legal purposes.

SECTION TWO. The service plan regarding the provision of public services set forth in **Exhibit B**, attached hereto and incorporated herein by reference, is hereby adopted for the Property described in Section One, above, as required by Section 43.056 of the Texas Local Government Code.

SECTION THREE. Upon adoption of this Ordinance, the Property described in Section One, above, shall be subject to the use and development regulations of an “R-1” Single Family Residential District.

**PASSED AND APPROVED ON FIRST READING, this the _____ day of
A.D., 2017.**

**PASSED AND APPROVED ON SECOND AND FINAL READING, this the
____ day of _____, A.D., 2017.**

Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

EXHIBIT A
THE PROPERTY
METES AND BOUNDS

BEING A 11.341 ACRE TRACT OF LAND LOCATED IN THE WILLIAM WATT SURVEY NO. 65, ABSTRACT NO. 364 OF KERR COUNTY, TEXAS, AND BEING A PORTION OF THE REMAINING PORTION OF THAT CERTAIN CALLED 1131.78 ACRE TRACT RECORDED IN VOLUME 971, PAGE 698, REAL PROPERTY RECORDS OF KERR COUNTY, TEXAS, SAID 11.341 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

Beginning at a point at the north corner of Lot 4, Block A, Comanche Trace Subdivision, Phase 2, recorded in Volume 8, Page 57, Plat Records of Kerr County, Texas, said point being in a southerly boundary line of the remaining portion of the called 1311.78 acre tract;

(1) Thence, severing the remaining portion of the called 1311.78 acre tract, with the westerly boundary line of the herein described tract, the following courses and distances:

- a. N 30° 57' 03" E, 247.74' to a point for corner;**
- b. N 38° 26' 32" E, 714.41' to a point for corner;**
- c. N 28° 24' 15" E, 173.47' to a point for corner;**
- d. N 83° 59' 37" E, 97.93' to a point for corner;**
- e. N 06° 00' 23" W, 13.91' to a point for corner;**
- f. with the arc of said curve to the left, with a radius of 15.00', a central angle of 88° 40' 23", an arc length of 23.21', and a chord which bears N 50° 20' 35" W, 20.97' to a point for corner;**
- g. N 06° 53' 24" W, 50.04' to a point for corner at the beginning of a curve to the left;**
- h. with the arc of said curve to the left, with a radius of 15.00', a central angle of 91° 37' 18", an arc length of 23.99', and a chord which bears N 39° 48' 16" E, 21.51' to a point for the point of tangency;**
- i. N 06° 00' 23" W, 26.44' to a point for corner;**

- j. S 73° 24' 51" E, 95.31' to a point for corner;
- k. S 06° 00' 23" E, 92.47' to a point for corner;
- l. N 83° 22' 45" E, 125.01' to a point for corner;
- m. S 06° 00' 23" E, 55.00' to a point for corner;
- n. S 03° 53' 19" E, 66.91' to a point for corner;
- o. S 07° 16' 48" W, 70.32' to a point for corner;
- p. S 12° 31' 27" W, 69.64' to a point for corner;
- q. S 19° 45' 46" W, 69.25' to a point for corner;
- r. S 26° 57' 33" W, 68.85' to a point for corner;
- s. S 35° 13' 00" W, 68.44' to a point for corner;
- t. S 37° 47' 47" W, 63.42' to a point for corner;
- u. S 39° 29' 03" W, 104.46' to a point for corner;
- v. S 08° 33' 22" E, 103.35' to a point for corner;
- w. S 54° 01' 30" W, 129.14' to a point for corner;
- x. S 39° 28' 55" W, 49.99' to a point for corner;
- y. N 50° 31' 05" W, 89.26' to a point for corner;
- z. S 02° 27' 09" W, 237.19' to a point for corner;
- aa. N 75° 49' 28" W, 48.28' to a point for corner;
- bb. S 33° 36' 21" W, 201.36' to a point for corner;
- cc. N 53° 19' 50" W, 192.12' to a point for corner;
- dd. with the arc of a curve to the left, with a radius of 975.00', a central angle of 01° 10' 48", an arc length of 20.08', and a chord which bears S 31° 29' 56" W, 20.08' to a point for corner at the north corner of Lot 5, Block A, Comanche Trace, Phase 2, the east corner of Club

House Road, an angle point in the southwest boundary line of the remaining portion of the called 1131.78 acre tract;

- (2) **Thence, N 59° 10' 51" W, with the northeast right-of-way line of Club House Road, a southwest boundary line of the remaining portion of a called 1131.78 acre tract, a southwest boundary line of the herein described tract, a distance of 50.00' (N 59° 09' 12" W, 50.00', record) to a point for interior corner at the north corner of Club House Road, an interior corner of the remaining portion of the called 1131.78 acre tract;**
- (3) **Thence, with the northwest right-of-way line of Club House Road, a southeast boundary line of the called 1131.78 acre tract, a southeast boundary line of the herein described tract, with the arc of a curve to the left, with a radius of 1025.00' (1025.00, record), a central angle of 02° 22' 54" (02° 23' 15", record), an arc length of 42.61' (42.71', record), and a chord which bears S 29° 37' 42" W, 42.60' (S29° 39' 12"W, 42.71) to a point for corner at the east corner of Lot 4, Block A, Comanche Trace, Phase 2, a south corner of the remaining portion of the called 1131.78 acre tract;**
- (4) **Thence, N 61° 29' 54" W, with the northeast boundary line of Lot 4, Block A, Comanche Trace, Phase 2, a southwest boundary line of the remaining portion of the called 1131.78 acre tract, a southwest boundary line of the herein described tract, a distance of 186.80' (N 61° 32' 26" W, 186.86', record) to the POINT OF BEGINNING and containing 11.341 acres of land.**

Note: The basis of bearing was established using the Trimble VRS Network, NAD (83), Texas State Plane Coordinate System, South Central Zone, 4204, US Survey Foot, Grid. A survey plat was prepared by a separate document. This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation of reconfiguration of the boundary of the political subdivision for which it was prepared.

EXHIBIT SHOWING:

A 11.341 ACRE TRACT OF LAND LOCATED IN THE WILLIAM WATT SURVEY NO. 65, ABSTRACT NO. 384 OF KERR COUNTY, TEXAS, AND BEING A PORTION OF THE REMAINING PORTION OF THAT CERTAIN CALLED 113.78 ACRE TRACT RECORDED IN VOLUME 971, PAGE 698, REAL PROPERTY RECORDS OF KERR COUNTY, TEXAS.

REVIEW/RECORD OF
COLLECTED TAXES
VOLUME III
REVIEW
OFFICIAL RECORDS
OF REAL PROPERTY

SCALE: 1" =

RE: 12
STATE PREPARED MAY 18, 2001
1) COMM. CITY OF BIRMINGHAM
2) 100 NUMBER 2000-16400001
3) THIS DOCUMENT WAS PREPARED UNDER THE FOIA, DOES NOT
REFLECT THE RESULTS OF ANY DEPARTMENT SURVEY, AND IS NOT TO
BE USED TO CONFIRM OR DISPROVE ANY OTHER INFORMATION PREVIOUSLY
EMPT IN THOSE DOCUMENTS. IT IS THE RESPONSIBILITY OF THE REQUESTER
TO DETERMINE THE ACCURACY OF THE INFORMATION CONTAINED IN
THE DOCUMENTS BY READING THE APPROPRIATE DOCUMENTS.

The logo for Matkin Hoover Engineering & Surveying. It features the company name in a large, bold, black, sans-serif font. Below the name, the words "ENGINEERING & SURVEYING" are written in a smaller, black, sans-serif font. The entire logo is set against a white background with a thin black border.

EXHIBIT B

ANNEXATION SERVICE PLAN COMANCHE TRACE RANCH AND GOLF CLUB (PHASE 13)

SERVICE	DETAILS OF SERVICE PROVIDED	TIMETABLE
Animal Control	The provisions of animal control services shall be in effect following annexation of the property	Immediately following annexation
Code Enforcement	The provisions of Code Enforcement services, including the application and enforcement of building, electrical, plumbing, and other related code requirements adopted by the City shall be made immediately to the area upon annexation. The preparation of a zoning plan shall serve as a basis for the zoning of land following annexation. The adoption of the zoning plan shall be in accordance with the procedures of the City's Zoning Ordinance.	Immediately following annexation, zoning to be concurrent with annexation
Fire Protection and Suppression	Fire protection and suppression personnel and equipment from the Kerrville Fire Department will be provided to the area as needed.	Immediately following annexation
Fire Prevention	The services of the City's Fire Marshall shall be provided to the area.	Immediately following annexation.
Library	Residents of the area will continue to be entitled to utilize all City's Butt-Holdsworth Memorial Library.	Immediately following annexation.
Parks and Recreation	City's Parks and Recreation services will continue to be available to the area residents.	Immediately following annexation
Police Protection	Police protection personnel and equipment shall be provided to the area immediately upon annexation. Police enforcement and protection services shall be provided	Immediately following annexation

SERVICE	DETAILS OF SERVICE PROVIDED	TIMETABLE
	through regular patrol activities.	
Public Services - Street Department	Public streets not maintained by the Texas Department of Transportation within the area shall be maintained by the City.	Immediately following annexation
Sanitation (Refuse Collection)	Refuse collection shall be available to residents of the annexed area at the same costs and procedures as required of City residents and businesses.	Immediately following annexation
Traffic Engineering	Where required, traffic control devices and street markers shall be installed where deemed necessary by the City's Public Works department, except as provided by the Texas Department of Transportation.	Immediately following annexation
Utilities (Water Distribution and Wastewater Collection)	Extension of utilities shall be in accordance with the City's Subdivision Ordinance and that certain <i>Development Agreement</i> between Comanche Trace Ranch and Golf Club, LLLP and the City of Kerrville, Texas dated January 26, 1999.	Subject to the provisions of the development agreement, as the property develops.

Agenda Item:

8A. Resolution No. 28-2017, authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related group benefits for Fiscal Year 2018. (staff)

TO BE CONSIDERED BY THE CITY COUNCIL

CITY OF KERRVILLE, TEXAS

SUBJECT: Approve the resolution authorizing the transfer of funds from the City of Kerrville to the City of Kerrville Employee Benefit Trust to pay for employee related benefits for FY2018.

FOR AGENDA OF: August 8, 2017 *KM* **DATE SUBMITTED:** July 26, 2017

SUBMITTED BY: Kimberly Meismer **CLEARANCES:** Mark McDaniel
Executive Director for General Operations City Manager

EXHIBITS: Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *MM*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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(Fees are a part of the Group Insurance line item and are budgeted in each department.)

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Due to the action taken by the Trustees of the Employee Benefit Trust to approve the FY2018 employee benefit plans, Council will now need to consider approval of the resolution authorizing the transfer of funds from the City of Kerrville to the City of Kerrville Employee Benefit Trust to pay for the employee benefits for FY2018.

RECOMMENDATION

Staff recommends City Council authorize the transfer of funds in the amount not to exceed \$6,500 per employee from the City of Kerrville to the City of Kerrville Employee Benefit Trust to pay for employee benefits for FY2018 and to authorize use of funds from the Employee Benefit Trust Reserve Account, if needed.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 28-2017**

A RESOLUTION AUTHORIZING THE TRANSFER OF THE OWNERSHIP OF FUNDS FROM THE CITY OF KERRVILLE TO THE CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST TO PAY FOR EMPLOYEE RELATED GROUP BENEFITS FOR FISCAL YEAR 2018

WHEREAS, in 2008, pursuant to Resolution 61-2008, the City Council created an Employee Benefits Trust (the “Trust”) for the administration of employee benefits pursuant to Chapter 222, Texas Insurance Code (“Chapter 222”); and

WHEREAS, Chapter 222, as amended, provides for the creation of single purpose, nonprofit trust established for the payment of premiums or revenues on group health, accident, injury, or life insurance benefits of employees of a municipality; and

WHEREAS, the creation of the Trust allows the City to provide the best possible insurance benefits to its employees at the most reasonable prices; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it in the public interest to transfer the ownership of the City’s fund where gross premiums and revenue are maintained for the various City-offered employee group benefits, including health and dental insurance, life insurance, and disability benefits, to the Trust;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

The City Council of the City of Kerrville, Texas, authorizes the transfer of the ownership of the City of Kerrville Internal Service Fund to the City of Kerrville Employee Benefits Trust for fiscal year 2018.

PASSED AND APPROVED ON this the _____ day of _____, A.D., 2017.

Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

Agenda Item:

8B. Resolution 29-2017, setting forth the ad valorem (property) tax rate to be considered for adoption for the 2017 tax year; calling two public hearings prior to the adoption of said rate; and calling a public hearing prior to the adoption of the Fiscal Year 2018 budget as required by both the City's Charter and State Law. (staff)

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

SUBJECT: Resolution setting the proposed ad valorem tax rate to be considered for adoption for the 2017 tax year and calling for two public hearings of proposed rate as required by state law and publication of general summary of FY2018 Proposed Budget and setting public hearing of proposed budget as required by both the City's charter and state law prior to the adoption of the fiscal year 2018 budget.

FOR AGENDA OF: August 8, 2017 *DR* **DATE SUBMITTED:** July 28, 2017

SUBMITTED BY: Sandra Yarbrough
Director of Finance

CLEARANCES: Mark McDaniel
City Manager

EXHIBITS: Resolution 29-2017
Notice of Public Hearing on Proposed Budget
Budget Calendar

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *DR*

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Ad Valorem Tax Rate

State law requires that City Council hold two public hearings prior to the adoption of a proposed ad valorem (property) tax rate. The proposed total ad valorem (tax) rate of \$.05625 is the same rate as last year. The rate exceeds the effective tax rate as calculated by the Tax Assessor-Collector of \$.05514 by 2.013%. The City Council will hold the first public hearing on August 22, 2017, at 6:00 p.m. and the second public hearing on September 12, 2017, at 6:00 p.m. both which are regularly scheduled City Council meetings at 701 Main Street, Kerrville, Texas.

Proposed FY2018 Budget

At the City Council meeting on August 8, 2017, the City Manager will present the Proposed FY2018 Budget which includes a \$.05625 proposed ad valorem tax rate, the same rate since tax year 2009, fiscal year 2010. The Proposed FY2018 Budget includes expenditures of \$66,306,531 and revenues of \$57,232,947.

Local Government Code and the City Charter require a public hearing of the Proposed Budget. The public hearing is scheduled for Tuesday, August 22, 2017 at 6:00 p.m.. 701 Main Street, Kerrville, Texas, additionally, the Charter specifically requires that the City Secretary will publish a "general summary" of the budget and a notice stating the times and places where copies of the budget are available for inspection by the public and the time and place for a public hearing on the budget. A sample of the proposed notice is also attached for City Council's review and discussion. The FY2018 Proposed Budget was filed on July 31, 2017 with the City Secretary and copies are available for public viewing at City Hall, City Secretary office, 701 Main Street, Kerrville, the Butt-Holdsworth Memorial Library, 505 Water Street, Kerrville, Texas or on the City's website <http://kerrvilletx.gov>.

RECOMMENDED ACTION

Staff recommends approval of the attached resolution by record vote setting the proposed ad valorem tax rate to be considered for adoption for the 2017 tax year at \$0.5625 per \$100 valuation and calling for two public hearings of the proposed ad valorem tax rate as required by state law, also the publication of a general summary of proposed budget and a public hearing of the Proposed FY2018 Budget as required by both the City Charter and state law prior to the adoption of the fiscal year 2018 budget.

CITY OF KERRVILLE
NOTICE OF PUBLIC HEARING ON PROPOSED BUDGET

The Kerrville City Council will hold a public hearing on the FY2018 Proposed Budget on Tuesday, August 22, 2017 at 701 Main Street, Kerrville, TX at 6:00 p.m. in the City Council chambers.

This budget's proposed ad valorem tax rate is \$0.5625, which is a 2.013% increase that exceeds the effective tax rate of \$0.55140. This is the same tax rate as last year.

Copies of the FY18 Proposed Budget are available at City Hall (City Secretary's Office) located at 701 Main Street, the Butt Holdsworth Memorial Library at 505 Water St., and on the City's website, <http://www.kerrvilletx.gov> .

Pursuant to Section 8.04(a) of the City Charter, the City Council is publishing the following table as a general summary of the Proposed FY2018 City of Kerrville Budget. This illustration shows revenues and expenditures for each of the City's two main operating funds, while the balance of the funds are combined into a single presentation labeled, "Other Funds".

	Annual Budget FY17	Proposed Budget FY18	Increase or (Decrease)
General Fund			
Revenues	\$ 27,711,264	\$ 26,837,995	\$ (873,269)
Expenditures	\$ 28,461,264	\$ 26,837,995	\$ (1,623,269)
Revenues over (Under) Expenditures	\$ (750,000)	\$ -	
Water and Sewer Fund			
Revenues	\$ 12,092,347	\$ 12,265,455	\$ 173,108
Expenditures	\$ 12,092,347	\$ 12,265,455	\$ 173,108
Revenues Over (Under) Expenditures	\$ -	\$ -	
Other Funds			
Revenues	\$ 29,699,478	\$ 18,129,497	\$ (11,569,981)
Expenditures	\$ 27,870,591	\$ 27,203,081	\$ (667,510)
Revenues Over (Under) Expenditures	\$ 1,828,887	\$ (9,073,584)	
Total Funds			
Revenues	\$ 69,503,089	\$ 57,232,947	\$ (12,270,142)
Expenditures	\$ 68,424,202	\$ 66,306,531	\$ (2,117,671)
	\$ 1,078,887	\$ (9,073,584)	

The FY18 Proposed Budget is a balanced budget where current revenues meet or exceed expenditures for all major funds.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 29-2017**

A RESOLUTION SETTING FORTH THE AD VALOREM (PROPERTY) TAX RATE TO BE CONSIDERED FOR ADOPTION FOR THE 2017 TAX YEAR; CALLING TWO PUBLIC HEARINGS PRIOR TO THE ADOPTION OF SAID RATE; AND CALLING A PUBLIC HEARING PRIOR TO THE ADOPTION OF THE FISCAL YEAR 2018 BUDGET AS REQUIRED BY BOTH THE CITY'S CHARTER AND STATE LAW

WHEREAS, state law requires that City Council hold two public hearings prior to the adoption of an ad valorem (property) tax rate which, if adopted and applied to the total taxable value of property located within the City of Kerrville, would impose an amount of taxes that exceeds either the lower of the effective tax rate or the rollback rate; and

WHEREAS, City Council is considering the adoption of an ad valorem tax rate which exceeds the effective tax rate but not the rollback rate, such that Council must hold two public hearings in accordance with state law; and

WHEREAS, pursuant to the City Charter and state law, City Council must also hold a public hearing regarding the proposed budget; and

WHEREAS, City Council now establishes dates for public hearings on the adoption of the proposed 2017 tax rate and the proposed fiscal year 2018 budget;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Tax Rate. The City Manager and City Attorney are directed to prepare an ordinance for consideration by City Council which, if adopted, will adopt and impose a total ad valorem (property) tax rate for the tax year 2017 at a rate not to exceed **\$0.5625** per \$100 valuation. There is no change to this proposed rate from the previous tax year. The adoption of this rate will levy a tax rate greater than the effective rate. This proposed tax rate is currently scheduled to be adopted by passage of an ordinance, the second and final reading of which is scheduled to occur on September 26, 2017.

SECTION TWO. Public Hearings for Tax Rate. City Council will hold two public hearings, the first being scheduled for 6:00 p.m., August 22, 2017, and the second scheduled for 6:00 p.m., September 12, 2017. Council will hold both public hearings at City Hall, 701 Main Street, Kerrville, Texas, in order to receive public comment on the proposed tax rate.

SECTION THREE. Publication of Budget. In accordance with Section 8.04 of the City Charter, the City Secretary is directed to publish a general summary of the budget and a notice stating the time and places where this message and full budget are available for public inspection.

SECTION FOUR. Public Hearing for Budget. Pursuant to Section 8.04 of the City Charter and state law, a public hearing on the proposed budget is scheduled for 6:00 p.m. on August 22, 2017.

SECTION FIVE. Notices. The City Secretary is directed to provide notice of the above specified public hearings in accordance with state law and the City's Charter.

PASSED AND APPROVED ON this _____ day of _____ A.D., 2017.

Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

CITY OF KERRVILLE
NOTICE OF PUBLIC HEARING ON PROPOSED BUDGET

The Kerrville City Council will hold a public hearing on the FY2018 Proposed Budget on Tuesday, August 22, 2017 at 701 Main Street, Kerrville, TX at 6:00 p.m. in the City Council chambers.

This budget's proposed ad valorem tax rate is \$0.5625, which is a 2.013% increase that exceeds the effective tax rate of \$0.55140. This is the same tax rate as last year.

Copies of the FY18 Proposed Budget are available at City Hall (City Secretary's Office) located at 701 Main Street, the Butt Holdsworth Memorial Library at 505 Water St., and on the City's website, <http://www.kerrvilletx.gov> .

Pursuant to Section 8.04(a) of the City Charter, the City Council is publishing the following table as a general summary of the Proposed FY2018 City of Kerrville Budget. This illustration shows revenues and expenditures for each of the City's two main operating funds, while the balance of the funds are combined into a single presentation labeled, "Other Funds".

	Annual Budget FY17	Proposed Budget FY18	Increase or (Decrease)
General Fund			
Revenues	\$ 27,711,264	\$ 26,837,995	\$ (873,269)
Expenditures	\$ 28,461,264	\$ 26,837,995	\$ (1,623,269)
Revenues Over/(Under) Expenditures	\$ (750,000)	\$ 00	
Water and Sewer Fund			
Revenues	\$ 12,092,347	\$ 12,265,455	\$ 173,108
Expenditures	\$ 12,092,347	\$ 12,265,455	\$ 173,108
Revenues Over/(Under) Expenditures	\$ 00	\$ 00	
Other Funds			
Revenues	\$ 17,001,356	\$ 14,805,497	\$ (2,195,859)
Expenditures	\$ 15,999,096	\$ 14,995,797	\$ (1,003,299)
Revenues Over/(Under) Expenditures	\$ 1,002,261	\$ (190,300)	
Total Funds			
Revenues	\$ 56,804,967	\$ 53,908,847	\$ (2,895,020)
Expenditures	\$ 56,552,707	\$ 54,099,247	\$ (2,453,460)
Revenues Over/(Under) Expenditures	\$ 252,261	\$ (190,300)	

The FY18 Proposed Budget is a balanced budget where current revenues meet or exceed expenditures for all major funds.

Budget Calendar

Tuesday, August 8, 2017 – Resolution by record vote setting the proposed ad valorem tax rate to be considered for adoption for the 2017 tax year and calling for two public hearings of proposed tax rate and call for a public hearing for the FY2018 Proposed Budget as required by both the City charter and state law prior to the adoption of the fiscal year 2018 budget.

Tuesday, August 22, 2017 – Hold Public Hearing of Proposed FY2018 Budget

Hold first Public Hearing of Proposed Tax Rate – Must VERBALLY state - date, time, and place of adoption at the end of each public hearing (Tuesday, September 26, 2017, at 6:00 p.m., City Hall, 701 Main Street, Kerrville Texas) Record vote.

Tuesday, September 12, 2017 – Resolution adopting FY2018 Fee Schedule

Hold second of Proposed Tax Rate Public Hearing – Must VERBALLY state - date, time, and place of adoption at the end of each public hearing (Tuesday, September 26, 2017, at 6:00 p.m., City Hall, 701 Main Street, Kerrville, Texas) Record vote.

First Reading of FY2018 Budget Ordinance. Record vote.

First Reading of Tax Rate Ordinance. Record vote.

Tuesday, September 26, 2017 – Second reading of FY2018 Budget Ordinance. Record vote.

Second reading of Tax Rate Ordinance. Record vote.

Adopt FY2018 Budget - Record vote.

Adopt Tax Rate – Record vote.

Agenda Item:

8C. Resolution No. 30-2017 approving/disapproving Kerr Central Appraisal District's fiscal year 2018 budget. (staff)

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

SUBJECT: Resolution No. 30-2017 providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2018 budget.

FOR AGENDA OF: August 8, 2017 DATE SUBMITTED: July 28, 2017

SUBMITTED BY: Sandra Yarbrough, Director of Finance **CLEARANCES:** Mark McDaniel, City Manager

EXHIBITS: Resolution No. 30-2017
Kerr Central Appraisal District Proposed FY2018 Budget

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Kerr Central Appraisal District has submitted its FY2018 Proposed Budget for approval by the Kerrville City Council. The proposed FY2018 budget is \$1,070,914 which is \$55,806 or 5.5% more than FY2017 budget. The increases included salaries and benefits, audit, utilities, facility maintenance, and software support. The City of Kerrville's estimated allocation for the FY2018 budget is 13.53% of the total proposed FY2018 budget. City of Kerrville share of FY2018 proposed budget is \$144,883 which is \$9,098 more than FY2017 allocation of \$135,785.

RECOMMENDED ACTION

Staff recommends City Council take action to approve or disapprove the FY2018 Kerr Central Appraisal District budget no later than August 28, 2017.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 30-2017**

**A RESOLUTION PROVIDING FOR THE CITY'S APPROVAL OR
DISAPPROVAL OF THE KERR CENTRAL APPRAISAL DISTRICT'S
FISCAL YEAR 2018 BUDGET**

WHEREAS, the Kerr Central Appraisal District ("KCAD") submitted its proposed fiscal year 2018 budget to the City Council for consideration; and

WHEREAS, pursuant to state law, the City Council must consider KCAD's budget and in the event Council does not approve, it must indicate this action via a resolution; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to either approve or disapprove of said proposed budget as indicated below;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF KERRVILLE, KERR COUNTY, TEXAS:**

The Kerr Central Appraisal District's proposed fiscal year 2018 budget, as set forth in **Exhibit A**, is _____ (APPROVED OR DISAPPROVED).

PASSED AND APPROVED ON this the _____ day of _____, A.D., 2017.

Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

2018 Proposed Budget

Kerr Central Appraisal District

P.O. Box 294387
1836 Junction Highway
Kerrville, TX78029
(830) 895-5223

BOARD MEMBERS

Charles Lewis, Chairman
Ray Orr, Vice-Chairman
Carter Crain, Secretary
Bill Morgan
Patrick Freedle
Diane Bolin, CTAC

Sharon Constantinides, RPA, CCA
Chief Appraiser

<u>Line</u>	<u>Item</u>	<u>2017</u>	<u>2018</u>	<u>\$ Diff</u>	<u>% Diff</u>	<u>% Total</u>
5006	Salaries	\$564,494	\$564,494	(\$6,019)	(1%)	52.15%
5010	Employer Portion of Ret	\$46,640	\$46,158	(\$482)	(1%)	4.31%
5012	Medicare Insurance	\$8,185	\$8,098	(\$87)	(1%)	0.76%
5015	Employee Medical Insur	\$121,968	\$126,720	\$4,752	4%	11.83%
5016	TX Employment Comm.	\$2,484	\$2,484	\$0	0%	0.23%
5017	Disability Insurance	\$8,000	\$8,000	\$0	0%	0.75%
5030	Appraisal Review Board	\$12,500	\$12,500	\$0	0%	1.17%
5034	Vehicle Replace. Res.	\$8,000	\$8,000	\$0	0%	0.75%
5035	Travel, Mileage & Maint.	\$18,000	\$18,000	\$0	0%	1.68%
5040	Annual Audit	\$6,650	\$7,200	\$550	8%	0.67%
5045	Mapping Expense	\$19,000	\$19,000	\$0	0%	1.77%
5055	Debt Service-Building	\$0	\$51,024	\$51,024	100%	4.76%
5060	Deed Copies	\$1,000	\$0	(\$1,000)	(100%)	0%
5070	Leased Equipment	\$6,250	\$6,250	\$0	0%	0.58%
5075	Telephone	\$3,000	\$3,000	\$0	0%	0.28%
5080	Utilities	\$9,250	\$8,280	(\$970)	(10%)	0.77%
5085	Facilities Maintance	\$4,050	\$9,484	\$5,434	134%	0.89%
5090	Consultant - Appraisal	\$50,000	\$50,000	\$0	0%	4.67%
5100	Legal & Consultants	\$20,000	\$20,000	\$0	0%	1.87%
5102	Legal ARB	\$2,000	\$2,000	\$0	0%	0.19%
5105	Liab./Workers Comp	\$6,000	\$6,000	\$0	0%	0.56%
5110	Taxpayer Assist & Ed	\$8,600	\$8,600	\$0	0%	0.80%
5120	Schools/Employee Ed.	\$6,550	\$6,550	\$0	0%	0.61%
5130	Postage	\$15,000	\$15,000	\$0	0%	1.40%
5135	Printing	\$5,000	\$5,000	\$0	0%	0.47%
5136	Professional Dues	\$2,420	\$2,120	(\$300)	(12%)	0.20%
5140	Office Supplies	\$7,000	\$7,000	\$0	0%	0.65%
5145	Furni., Fixture & Equip	\$7,000	\$7,000	\$0	0%	0.65%
5150	Board of Directors	\$3,200	\$3,200	\$0	0%	0.30%
5155	Equip. Maint & Reserve	\$1,500	\$1,500	\$0	0%	0.14%
5170	Building Reserve	\$7,000	\$7,000	\$0	0%	0.65%
5180	Software Support	\$34,167	\$37,071	\$2,904	8%	3.46%
5200	Banking Fees	\$200	\$200	\$0	0%	0.02%
TOTAL	TOTALS	\$1,015,108	\$1,070,914	\$55,806	5.5%	100.0%

5006 Salaries:

* Indicates Registered Professional Appraiser (RPA) designation through the Texas Department Of Licensing and Registration.

Positions	2017	COLA		Merit	2018 Tot	% Chge
		1.9%	COLA +			
Chief Appraiser*	\$80,500	\$1,530	\$82,030	\$ -	\$82,030	1.9%
Deputy Chief*	\$64,000	\$1,216	\$65,216	\$ -	\$65,216	1.9%
Appraisal Manager*	\$50,000	\$950	\$50,950	\$ -	\$50,950	1.9%
Operations Manager*	\$46,500	\$884	\$47,384	\$ -	\$47,384	1.9%
Senior Appraiser*	\$50,000	\$950	\$50,950	\$ -	\$50,950	1.9%
BPP Appraiser	\$40,000	\$760	\$40,760	\$ -	\$40,760	1.9%
Appraiser IV*	\$45,000	\$855	\$45,855	\$ -	\$45,855	1.9%
Appraiser II	\$35,000	\$665	\$35,665	\$ -	\$35,665	1.9%
Abstractor	\$37,500	\$713	\$38,213	\$ -	\$38,213	1.9%
GIS Mgr-Ag Appr*	\$56,500	\$1,074	\$57,574	\$ -	\$57,574	1.9%
Exemp Spec	\$35,700	\$678	\$36,378	\$ -	\$36,378	1.9%
Reserve 2017	\$23,794	\$0	\$0			
TOTALS	\$564,494	\$10,275	\$550,975	\$ 7,500	\$558,475	-1.07%

Total Benefits:

Position	2018 Sal	Med Ins	Retire	Medicare	Unemp	Disabilit	Totals
Chief Appraiser	\$82,030	\$11,520	\$6,562	\$1,189	\$226	\$727	\$102,254
Deputy Chief	\$65,216	\$11,520	\$5,217	\$946	\$226	\$727	\$83,852
Appraisal Mgr	\$50,950	\$11,520	\$4,076	\$739	\$226	\$727	\$68,238
Operations Mgr	\$47,384	\$11,520	\$3,791	\$687	\$226	\$727	\$64,335
Sr. Appraiser	\$50,950	\$11,520	\$4,076	\$739	\$226	\$727	\$68,238
BPP Appraiser	\$40,760	\$11,520	\$3,261	\$591	\$226	\$727	\$57,085
Appraiser RPA	\$45,855	\$11,520	\$3,668	\$665	\$226	\$727	\$62,661
Appraiser II	\$35,665	\$11,520	\$2,853	\$517	\$226	\$727	\$51,508
Abstractor	\$38,213	\$11,520	\$3,057	\$554	\$226	\$727	\$54,297
GIS Mgr-Appr	\$57,574	\$11,520	\$4,606	\$835	\$226	\$727	\$75,488
Exemp Spec	\$36,378	\$11,520	\$2,910	\$527	\$226	\$727	\$52,288
Merit Alloc	\$7,500		\$600	\$109			\$8,209
Totals	\$558,475	\$126,720	\$44,678	\$8,098	\$2,484	\$8,000	\$748,455

5006 - Salaries:

It is in the best interest of tax payers as well as the taxing entities for the district to retain well trained and educated employees. Hiring from other districts for appraisers with an RPA designation and employees with experience and training has heightened due to the Comptroller's MAPS Review. The estimated C.O.L.A. for 2018 ranges from 1.9% to 3.7% according to the Social Security website. The lower amount of 1.9% was used in the preparation of this budget. Also included is a \$7,500 merit to be allocated later in the year when staff reviews are completed. A portion of the merit will also be allocated to a level 2 appraiser as they continue their education advancing toward the RPA designation. It is vital that Kerr CAD remain competitive with other appraisal districts. There will be a total of 11 staff positions this year unchanged from last year.

The total salary line item for 2018 is **\$558,475** which is a 1.06% decrease over 2017. We are required by the Methods Assistance Program administered by the State of Texas Property Tax Assistance Division to display each employee's salary and benefits as well as the total salary and benefits for each employee. The total for salaries plus benefits is **\$748,455**.

5010 - Employers Retirement: KCAD has an independent employee retirement plan through Mass Mutual. All employees are required to participate in this plan. The Kerr CAD Board of Directors has elected to fund 8% of the employee's salary for their retirement plan. Employees also match an 8% contribution from their salary. Details as shown below:

Total Salaries	\$	558,475
KCAD Matching Percentage	\$	<u>X 0.08</u>
KCAD Contribution	\$	44,678
Administration Fee	\$	<u>1,480</u>
TOTAL	\$	46,158

5012 - Employer Medicare: KCAD is responsible for the Medicare tax on each of the employee's wages. This rate is equal to 1.45 percent of the first \$125,000 paid to each employee per year. Details of this item are as follows:

Total Salaries	\$ 558,475
Medicare Rate	<u>x 0.0145</u>
TOTAL	\$ 8,098

5015 - Employee Medical Insurance: Kerr CAD provides health insurance to its employees through the Texas Association of Counties. The carrier for Texas Association of Counties is Blue Cross / Blue Shield. The Texas Association of Counties has informed us the premiums for 2018 are estimated at \$126,720. Details of this estimated expenditure follow:

KCAD Contribution Per Month	\$ 960
Number of Employees	<u>x 11</u>
Total Monthly Contribution	\$ 10,560
Number of Months	<u>x 12</u>
TOTAL Estimate	\$126,720

5016 - Texas Employment Commission: KCAD is responsible for the payment of each employee's unemployment tax through the Texas Workforce Commission. This tax is a percentage of the first \$9,000 of the employee's quarterly salary. These rates change annually and are determined by how much the government employees group has withdrawn for unemployment benefits. This line item will be \$2,484.

5017 -Disability Insurance: The KCAD Board of Directors has elected to pay disability insurance in lieu of social security for KCAD employees. New employees will be under the same vesting requirements as other benefits. This line item will be is \$8,000.

5030 - Appraisal Review Board: KCAD is responsible for the Appraisal Review Board member's stipends. There are five members who serve on the ARB. This line item covers the ARB member's salary, travel, and training expenses and other expenses related to this board. The ARB is paid \$130 per full day and \$75 per half day. The line item for the ARB will remain at \$12,500.

5034 - Vehicle Replacement Reserve: The allocated amount for vehicle replacement will remain at \$8,000 for this year.

5035 - Travel and Mileage: The heaviest driving period for the CAD is the fall and winter months during our appraisal period. This line item also includes maintenance and tires. This item also includes other travel expense and also pertains to meals and hotel expense when employees are sent to school. This line item will remain at \$18,000.

5040 - Annual Audit: Section 6.063 of the Property Tax Code requires that the district have an annual audit by a Certified Public Accountant. The 2017 financial year audit will be conducted in 2018. The contract amount for the audit is \$7,200.

5045 - Mapping Expense: Kerr CAD along with Kerr County, Kerr 911 and KPUB cooperate in funding a GIS mapping system called Pictometry. This system is a patented information system that combines aerial imaging with a state of the art software system allowing an appraiser to view and measure any structure, intersection, fire hydrant, tree or any feature in the county from a laptop or workstation. This technology has enabled the district to increase productivity, cut down on field trips and enhance appraisal of existing as well as the discovery of new taxable property. The investment in this system began in 2009. New flyover photos are taken every three years with the next scheduled flyover to be completed in 2018. The Board of Directors voted to add the Changefinder Program to Pictometry enabling the software to automatically identify structures that have been altered as well as identifying new structures and ones that have been removed.

Mapping Supplies	\$3,000
Flyover Mapping	\$7,337
Changefinder Technology	\$8,663
Total	\$19,000

5055 – Debt Service (Building): Kerr CAD started construction on the new building in May 2017. A construction loan was executed for a period of 24 months with payments of \$4,251.94. At the end of the 24 month period, the remaining principal after the sale of the current building will roll over into a permanent 20 year loan with payments of \$5,139.98. This line item for 2018 is **\$51,024**.

5060 - Deed Copies: This item is being removed for 2018 since the County Clerk has been providing the real property deeds in a CD format to the district at no charge.

5070 - Leased Equipment: The CAD leases a copy machine and a postage machine. This line item is **\$6,250** for this year.

5075 - Telephone: This item includes basic telephone equipment lease and service, long distance service, and Internet subscription. This item will be **\$3,000** for this year.

5080 - Utilities: The District's utility expense covers city water and electricity. Anticipated water and sewer costs are \$480 per year. Electricity costs are running approximately \$650 per month. The amount for this line item will be **\$8,280**.

5085 - Facilities Maintenance: Facilities or building and grounds maintenance includes trash pickup, building cleaning, lawn care, and pest control. The details of this maintenance are as follows:

<u>Expense</u>	<u>\$/Month</u>	<u>\$/Year</u>
Trash Pickup	\$162	\$1,944
Janitorial Service	\$300	\$3,600
Lawn Service	\$295	\$3,540
Annual Fire Inspection		\$ 30
Pest Control	\$55/Quarter	\$ 220
Termite Inspection		\$ 150
TOTAL		\$9,484

5090 - Consultant – Appraisal: KCAD contracts out the appraisals on utilities, minerals, pipelines, and industrial properties to the industrial appraisal firm of Capitol Appraisal Group of Austin Texas. The annual contract amount for Kerr CAD's utilities, mineral, pipelines and industrial properties for this year's budget are **\$14,680**. Kerr CAD also contracts with Eagle Appraisal and Consulting a professional tax appraisal firm that appraises the commercial properties in Kerr County. Commercial real estate sales information is very difficult to obtain statewide. Also commercial special use properties can be very complicated to appraise. The Comptroller's Methods Assistance Study is demanding more stringent methodology for market value and equity. Most of the lawsuits Kerr CAD incurs are commercial property lawsuits. Limited commercial sales and rental information not only hinders an initial fair and equitable appraisal but also increases the related costs of lawsuits due to the necessity of hiring a professional appraisal firm to ensure the value is defendable in ARB Hearing as well as in litigation. Eagle Appraisal and Consulting will not only appraise the commercial property but would also defend property values in the appraisal review process as well as when litigation occurs with additional litigation expenditures. **\$3,320** is included in the event of litigation against the CAD. Many appraisal districts are using contractors as a cost efficient method of ensuring their values are meeting the stringent requirements of the Comptroller's Property Value Study and the Methods Assistance Program Study. Contracting is a valuable tool in helping ensure that all taxpayers are treated

equitably as well keeping expenses down. Kerr CAD entered into a two year contractual agreement with Eagle Appraisal and Consulting in 2014. The contract amount for Eagle Appraisal and Consulting in 2018 is \$32,000. A recap of the total for this line item is below:

Capitol Appraisal Group	\$14,680
Eagle Appraisal and Consulting	\$32,000
Litigation Consultant Fee	\$ 3,320
Total	\$50,000

5100 - Consultant – Legal & Expert Witness: KCAD changed law firms June 2017 to Perdue, Brandon, Fielder, Collins & Mott L.L.P. The monthly retainer fee is \$250. The fees are \$200/hour for attorneys in regard to litigation and \$95/hour for paralegal and legal secretarial work. Other related expenses such as travel expenses as needed are paid by the district. The line item for this year is \$20,000.

5102 – Legal ARB : Recent legislation has mandated Appraisal Review Boards retain separate legal counsel from Appraisal Districts. Historically the need for legal counsel for the Kerr Appraisal Review Board has been minimal. This line item is \$2,000.

5105 - Liability and Workers Compensation: This line item covers workers compensation, general liability, automotive liability, errors and omissions, and real and personal property insurance as well as liability related to our retirement program. The carrier for this insurance is the Texas Municipal League Intergovernmental Risk Pool (TML). This line item will be \$6,000.

5110 - Taxpayer Assistance & Education: This line item includes required newspaper advertisements, property asset listings, appraisal guides, tax workshops and related education & assistance directed to taxpayer/appraisal district relations. The line item for this year is \$8,600.

5120 - Schools and Employee Education: According to Section 5.04, of the Property Tax Code, an appraisal district shall reimburse an employee for all actual and necessary expenses, tuition, other fees and costs of materials incurred in attending, with the chief appraiser's approval, a course or training program conducted or by the Texas Department of Licensing and Regulation. This item is a total of \$6,550.

5130 - Postage: Kerr CAD uses an outside mailing firm to print and mail the required appraisal notices. This saves the district some postage and helps ensure a timely mailing of appraisal notices. The district is currently charged \$.70 for each address correction from the Post Office. Kerr CAD elected to mail notices only to property owners whose values changed last year or due to a change of ownership or per request by the taxpayer. Significant savings have occurred since this practice was initiated therefore this line item will be \$15,000.

5135 - Printing: This line item includes expenses such as printing of Notices of Appraised Value, Appraisal Rolls and envelopes. This item is \$5,000.

5136 - Dues: This line item is devoted to the registration of the district and employees with different state agencies and trade organizations. Registration with the Texas Department of Licensing and Regulation is a requirement by law. Affiliation with the Texas Association of Appraisal Districts allows KCAD to enroll in state classes for reduced tuition and keeps the district informed of changing rules and laws. Being a member of TAAD also requires us to be a member of the local Southwest Chapter. Membership in the International Association of Assessing Officers is now required by the MAPS review and also requires membership in the Texas Association of Assessing Officers. The district receives a discounted price for items purchased through the Texas Building & Procurement Commission. The district also pays a membership for the Visa charge card. A detailed cost description of this line item follows:

Texas Department of Licensing & Regulation	\$ 680
Texas Association of Appraisal Districts	\$1,000
Texas Association of Appraisal Districts Southwest Chapter	\$ 50
International Association of Assessing Officers	\$ 175
Texas Association of Assessing Officers	\$ 80
Texas Building & Procurement Commission	\$ 100
Visa Charge Membership	\$ 35
TOTAL	\$2,120

5140 - Office Supplies: This line item includes all miscellaneous office supplies used in the district. These items include paper, writing utensils, film, toner cartridges, and other supplies. The amount this year is \$7,000.

5145 - Furniture and Fixtures: This line item includes upgrading and replacement of computers and as well as desk, chairs and other office related furniture and fixtures. The amount for this line item is \$7,000.

5150 - Board of Directors: This line item is utilized to purchase director manual and reference material for the Board of Directors. A portion of this line item is also utilized to purchase awards of appreciation to outgoing board members and name plaques. Because of increased duties, responsibilities as well as increased liability associated with being a board member this line item includes education for board members. The average cost for a board member to attend a TAAD conference is approximately \$1,000, A Rural Chief Appraisers Conference is approximately \$500 per person. This addition would allow 3 members to attend a TAAD Conference or all six members to attend a Rural Chief's Conference. This line item is \$3,200.

5155 - Equipment Maintenance: This item includes the maintenance of PC computers, networks, postage machine and copy machines. This line amount will be \$1,500.

5170 - Building Reserve: The Kerr Central Appraisal District has started construction on their new building. The district used this reserve for the land purchase and some of the expenses related to the construction of the new facility. The reserve fund will continue to be used for any future building expenses. This amount will remain at \$7,000 this year.

5180 - Software Support – True Automation: Kerr CAD converted their old appraisal computer system to True Automation in October of 2006. True Automation is the largest CAD appraisal software company in the state. True Automation calls their system the PACS System. This line item provides for continuing

maintenance and support of the PACS System by True Automation. This system contains active tax records and rolls for each taxing entity and individual property owner in the county housing almost forty thousand (40,000) property tax parcels. Every property account is recorded, updated, and appraised using this system and the tax roll is generated resulting in the values used to levy taxes for every taxing entity and taxpayer serviced by Kerr CAD. True Automation has notified the district that the software support and maintenance for this year will be increasing. This line item will be \$37,071.

PACS System	\$35,391
Online Backup	\$1,680
Total	\$37,071

5200 – Banking Fees: We are being assessed service charges on our bank account which will remain \$200 annually.

Income Generated: Kerr CAD generates income from the lease on the AM Transmitter located on the Kerr CAD property. Since Kerr CAD is currently in the process of selling their location on Junction Highway, we can not depend on the annual lease from the tower to be applied toward the budget. Therefore, this item will be \$0 for 2018.

Note: The "estimated" entity allocation is shown on the next page which is based on the 2016 values and tax rates. The "official" entity allocation will be available after the certification of the 2017 values and after the 2017 tax rates have been adopted by the taxing entities.

	2016 Cert Net Tax or Freeze Adj. Tax	2016 Tax Rate	Levy	Total Levy	Total Levy	% of Allocation
City of Ingram	\$79,433,435	0.5	\$397,168	\$397,168	0.50%	\$5,408
City of Kerrville	\$1,419,411,092	0.5625	\$7,984,187	\$10,641,022	13.53%	\$144,883
Kerr Emerg. Dist. #1	\$569,275,038	0.0215	\$122,394	\$122,394	0.16%	\$1,666
Kerr Emerg. Dist. #2	\$123,436,851	0.035	\$43,203	\$43,203	0.05%	\$588
Kerr County	\$3,191,096,616	0.4677	\$14,924,759	\$4,487,442	\$19,412,201	24.68%
Lateral Roads	\$3,176,095,610	0.0323	\$1,025,879	\$357,817	\$1,383,696	1.76%
Lake Ingram Estates Rd	\$8,861,009	0.2852	\$25,272	\$25,272	0.03%	\$344
Center Point ISD	\$223,216,736	1.09	\$2,433,062	\$466,426	\$2,899,488	3.69%
Comfort ISD	\$124,842,963	1.204	\$1,503,109	\$507,483	\$2,010,592	2.56%
Divide ISD	\$56,732,287	0.85	\$482,224	\$33,621	\$515,845	0.66%
Harper ISD	\$34,869,005	1.04	\$362,638	\$95,909	\$458,547	0.58%
Hunt ISD	\$305,290,508	1.1434	\$3,490,692	\$603,406	\$4,094,098	5.21%
Ingram ISD	\$394,037,301	1.255	\$4,945,168	\$1,146,457	\$6,091,625	7.74%
Kerrville ISD	\$1,900,158,168	1.18	\$22,421,866	\$6,598,722	\$29,020,588	36.90%
Medina ISD	\$10,263,217	1.04	\$106,737	\$106,737	0.14%	\$1,453
Upper Guadalupe River	\$4,500,838,735	0.0244	\$1,098,205	\$1,098,205	1.40%	\$14,953
Headwaters	\$4,500,838,735	0.0074	\$333,062	\$333,062	0.42%	\$4,535
TOTAL EST LEVY	\$61,699,625.92		\$16,954,118	\$78,653,744	100.00%	\$1,070,914
2018 Budget						

Agenda Item:

8D. Resolution No. 32-2017 providing for the city's approval or disapproval of an amendment to the Kerr Central Appraisal District's 2016 fiscal year budget.
(staff)

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

SUBJECT: Resolution No. 32-2017 approving/disapproving an amendment to the Kerr Central Appraisal District (KCAD) FY16 budget to retain budget surplus funds for KCAD's building reserve fund

FOR AGENDA OF: August 8, 2017

DATE SUBMITTED: August 3, 2017

SUBMITTED BY: Mark McDaniel
City Manager

CLEARANCES:

EXHIBITS: Letter from KCAD, Resolution No. 32-2017

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *MM*

Expenditure Required:	Current Balance in Account: \$0	Amount Budgeted: \$0	Account Number: N/A
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The FY16 KCAD budget audit report has determined a budget surplus of \$76,510.57; the City of Kerrville's portion of this surplus is \$10,426.59. KCAD is requesting an amendment to their FY16 budget to allow KCAD to retain FY16 budget surplus funds for KCAD's building reserve fund, as detailed in the attached letter.

During 2016 KCAD purchased property for the new facility. In April 2017 KCAD obtained a loan in the amount of \$1,149,500 for construction of the facility.

Taxing units must file resolutions with KCAD within 30 days after the date of notification, which is August 30, 2017. If a majority of the taxing entities served by the appraisal district pass resolutions disapproving the amendment, the amendment does not take effect.

Resolution No. 32-2017 will either approve or disapprove the budget amendment.

RECOMMENDED ACTION

Staff recommends approval of Resolution No. 32-2017 that will approve the FY16 KCAD budget amendment.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 32-2017

**A RESOLUTION PROVIDING FOR THE CITY'S APPROVAL OR
DISAPPROVAL OF AN AMENDMENT TO THE KERR CENTRAL
APPRAISAL DISTRICT'S 2016 FISCAL YEAR BUDGET**

WHEREAS, the Kerr Central Appraisal District (KCAD) is requesting an amendment to their 2016 Fiscal Year Budget to allow KCAD to retain budget surplus funds in the amount of \$76,510.57 as part of its budget reserve fund balance; and

WHEREAS, the amendment will require no additional funding; and

WHEREAS, pursuant to state law, the City Council must consider KCAD's budget amendment and in the event Council does not approve, it must indicate this action via a resolution; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to either approve or disapprove of said proposed amendment as is indicated below;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

The Kerr Central Appraisal District's proposed 2016 fiscal budget amendment, the provisions being substantially as set forth in **Exhibit A**, attached hereto and incorporated herein by reference, is hereby _____ (*APPROVED OR DISAPPROVED*).

PASSED AND APPROVED ON this the _____ day of _____ A.D., 2017.

Bonnie White, Mayor

APPROVED AS TO FORM:

Michael C. Hayes City Attorney

ATTEST:

Brenda G. Craig, City Secretary

Brenda Craig

From: Sharon Constantinides <sharon.constantinides@kerrcad.org>
Sent: Monday, July 31, 2017 4:47 PM
To: bill.bacon@divideisd.org; borr@stx.rr.com; Brenda Craig; Chris Hughes; Chris Stevenson; city@ingramtx.com; cojudge@co.kerr.tx.us; Crystal Dockery; Diane Bolin; Eckert, Loretta; gene@hgcd.org; jarrett.jachade@kerrvilleisd.net; kcesd2@gmail.com; Kim Bishop; leslie.vann@comfort.txed.net; Margie Hall; Mark McDaniel; Mark.Foust@KerrvilleISD.net; Mayor; newcomb@cpisd.net; RBuck@ugra.org; rtempleton@ingramisd.net; Teresa Blair sharon.constantinides@kerrcad.org
Cc:
Subject: 2016 Budget Surplus & Audit
Attachments: 2016 Financial Audit.pdf; 2016 budget Allocation.pdf

Date: July 31, 2017
Re: Kerr CAD 2016 Budget Surplus Amendment & 2016 Audit
To: Taxing Entities Served by Kerr CAD
From: Kerr CAD Board of Directors
Message: The 2016 Budget Audit Report conducted by Pressler, Thompson and Company CPAs shows a budget surplus of **\$76,511**. A copy of the 2016 Audit is attached to this email. I can provide you with a paper copy if needed, please contact the Kerr CAD Office. The Kerr CAD Board of Directors is requesting this amount to be applied to the Building Reserve Fund via budget amendment. The addition of the surplus amount will give the fund a balance of **\$155,140**.

Voting taxing units may veto the amendment to the 2016 Budget to retain the surplus amount of **\$76,511**. The 2016 Budget allocation by taxing entity is attached so you may see your entity's allocated amount if this budget amendment is vetoed.

To veto, a majority of the voting taxing units must pass resolutions disapproving the amendment to the budget. These units must file resolutions with the appraisal district's board of director's secretary within 30 days after the date of notification. If a majority of the taxing entities veto, the amendment does not take effect. The board must then return the surplus amount to the taxing entities based on their prorated share as found in the attached allocation schedule.

The Building Reserve Fund was used to make repairs to the district's current location in previous years. During 2016 these funds were used to purchase the property where the district's new facility is being constructed. April 2017 a loan was obtained in the amount of \$1,149,500 for the construction of this facility. The district had not budgeted for this line item in 2017 but began making payments on this loan May 2017. The total amount of payments for 2017 will be \$32,315. There are also additional costs that the district will encounter with the construction of the new facility. These include but are not limited to installation of landscaping, new phone system, security system, window coverings, appliances for breakroom and updated furniture.

Thank you for your consideration of this proposed Budget Amendment to the 2016 Kerr Central Appraisal District budget to retain the surplus funds. Addition of these funds to the Building and Reserve Fund will allow Kerr Central Appraisal District to continue to serve the taxing units and the taxpayers of Kerr County for many years.

PRESSLER, THOMPSON AND COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Jerry N. Oliver, C.P.A.
Timothy R. Porter, C.P.A.
Brenda G. Beaty, C.P.A.
Gary B. Selgrath, C.P.A.

ONE SCHREINER CENTER
819 WATER STREET, SUITE 320
KERRVILLE, TEXAS 78028

Telephone (830) 257-7241
Fax (830) 896-4041
Website: www.ptcoopa.com

Communication with Those Charged with Governance

June 28, 2017

To the Board of Directors
Kerr Central Appraisal District

We have audited the financial statements of the governmental activities and the general fund of Kerr Central Appraisal District for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 7, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kerr Central Appraisal District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

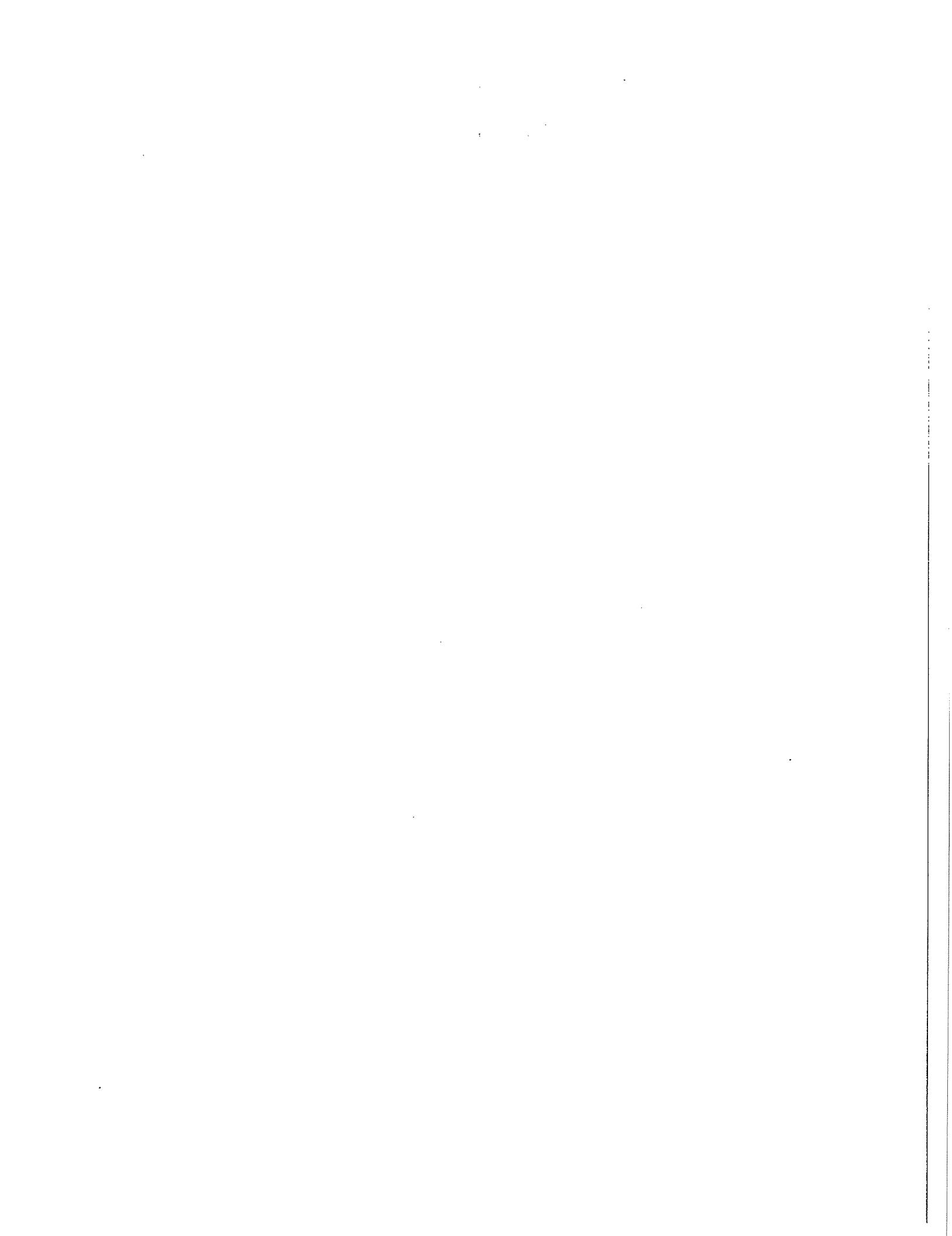
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Kerr Central Appraisal District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Pressler, Thompson and Company

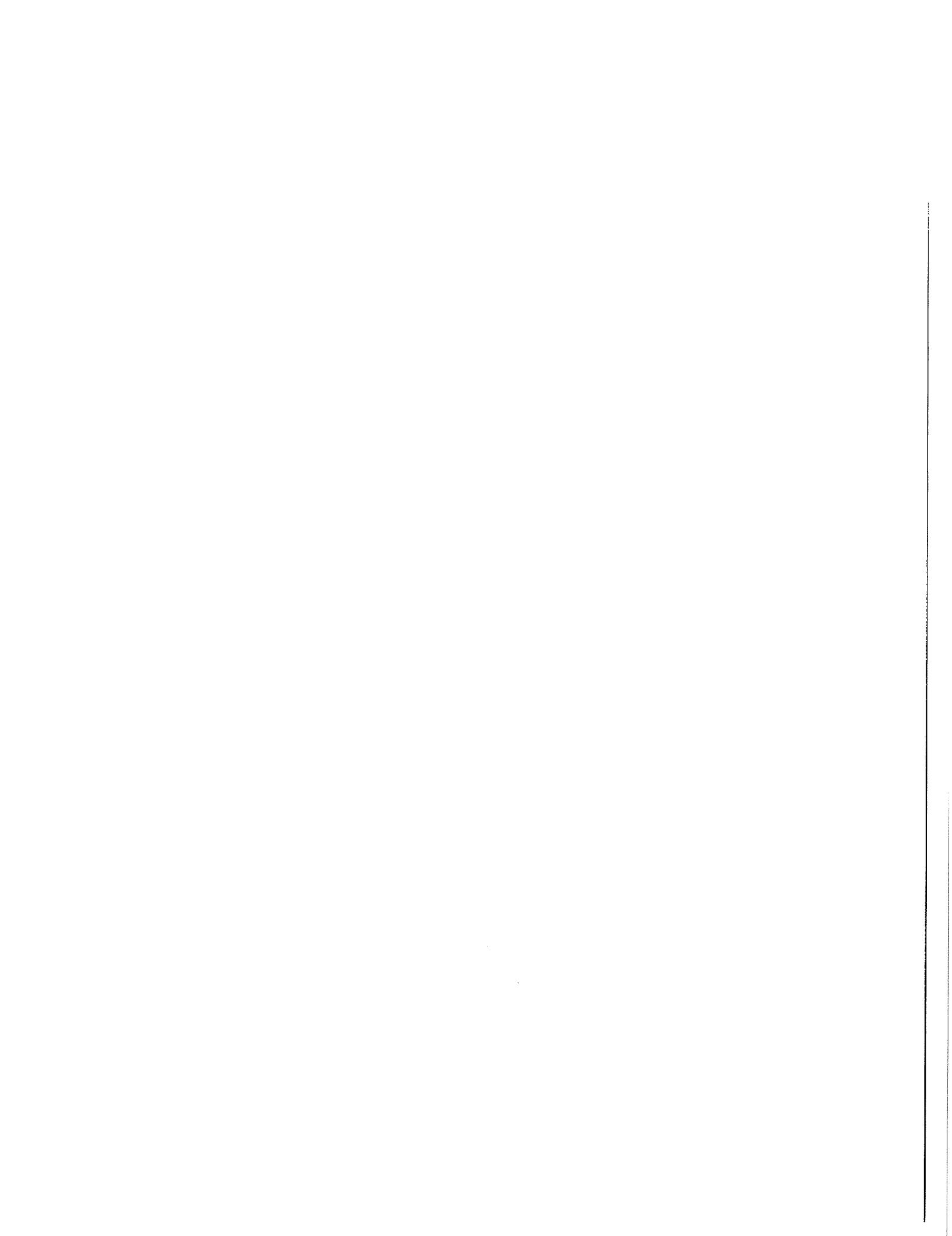
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KERR CENTRAL APPRAISAL DISTRICT

AUDIT REPORT

DECEMBER 31, 2016

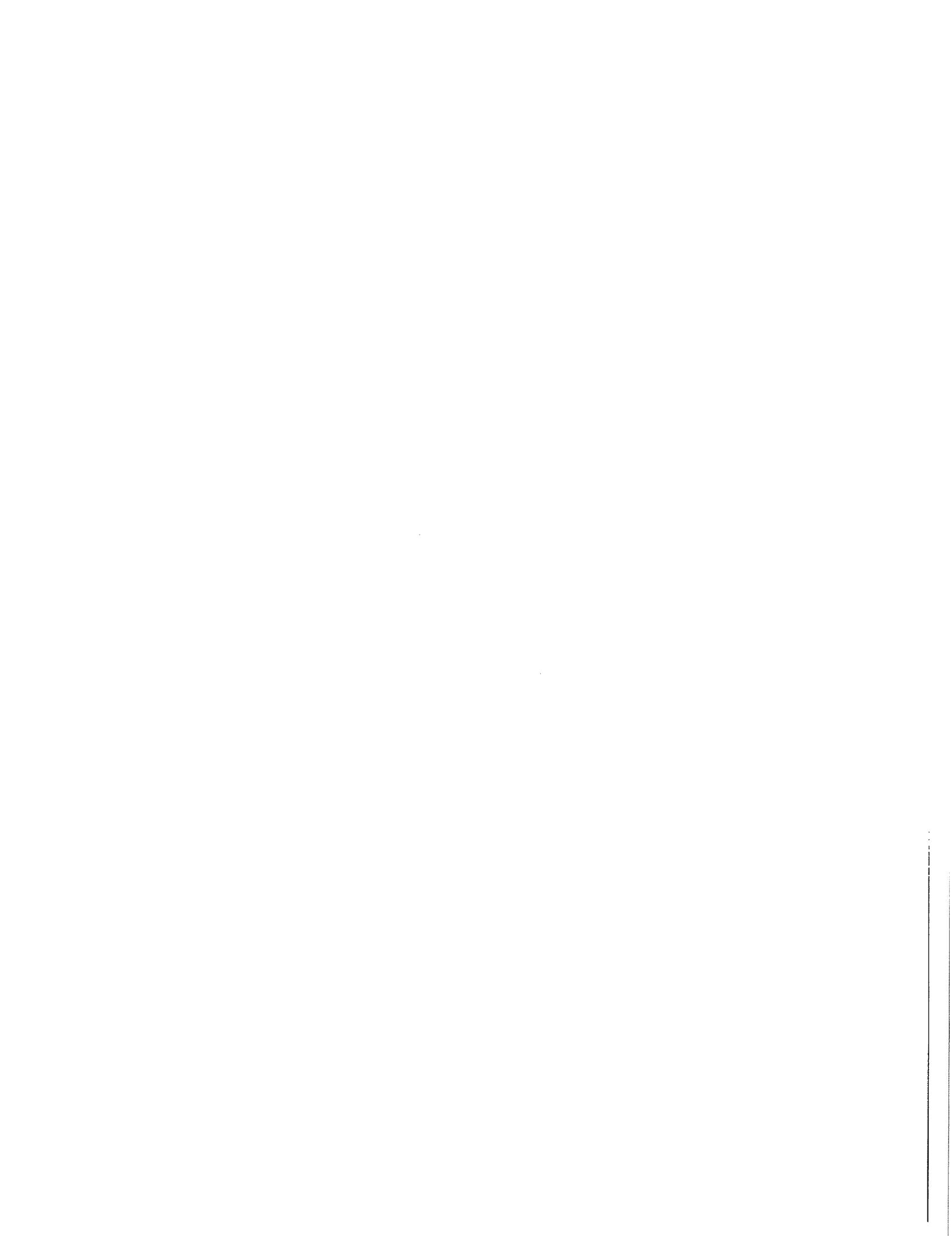


KERR CENTRAL APPRAISAL DISTRICT

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PRESSLER, THOMPSON AND COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kerr Central Appraisal District
Kerrville, Texas

We have audited the accompanying financial statements of the governmental activities and the general fund of the Kerr Central Appraisal District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pressler, Thompson and Company

PRESSLER, THOMPSON AND COMPANY, LLC

June 28, 2017

KERR CENTRAL APPRAISAL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As chief appraiser of the Kerr Central Appraisal District, I offer readers the following discussion and analysis of the District's financial activities for the fiscal year ended December 31, 2016. It should be read in conjunction with the accompanying basic financial statements. This discussion and analysis includes comparative analysis to the prior year for government-wide data.

Financial Highlights - General Fund

At the end of the current fiscal year, the total fund balance was \$479,814, of which the unassigned fund balance was \$268,674 or 23.9 percent of the fiscal year 2016 general fund expenditures. The unreserved fund balance increased from \$263,815 to \$268,674 from fiscal year 2015, a 1.8 percent increase. From 2003 through 2010 and 2012 through 2016, the Board has retained the excess revenues over expenditures in reserve for building improvements versus refunding to the entities. For the fiscal year ending December 31, 2011, amounts committed by the Board for vehicle replacement reserve and building reserve were retained with the excess refunded to the taxing entities. For 2016, land and building expenditures of \$226,980 were taken from the building reserve and excess revenues over expenditures were retained of \$76,511. Therefore, the Board committed building reserve decreased overall from \$298,609 in 2015 to \$155,140 in 2016. From 2010 through 2016, the Board has committed \$8,000 per year for vehicle replacement reserve.

General fund revenues were \$992,034, an increase of \$47,263 or 5.0 percent from fiscal year 2015. General fund expenditures were \$1,122,644, an increase of \$230,175 or 25.8 percent from 2015. This increase in expenditures is primarily due to expenses related to the new building construction including the purchase of land (\$115,464), legal fees associated with the land purchase (\$1,440), and a deposit for utilities construction (\$55,699), architectural services (\$32,852), and structural engineering services (\$21,525).

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The basic financial statements consist of three components:

- The government-wide financial statements provide both long-term and short-term information about the District's overall financial status. Previously, the primary focus of local governmental financial statements has been summarized fund type information on a current financial resource basis. GASB 34 modified this approach, adding new government-wide statements, which focus on the District as a whole.

- The governmental fund financial statements, which have been provided in the past, focus on individual parts of the District. The fund balance tells what remains for future general government services.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The fund financial statements are presented in the first column of the financial statements on pages 10 and 12 with adjustments in the middle column to arrive at the government-wide financial statements in the third column.

The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to statements of a private-sector business.

The statement of net position includes all of the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources with the difference reported as net position.

The government-wide statements report the District's net position and how it has changed. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the district as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments establish other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using public funds. The focus is on major funds rather than fund types.

The District has one type of governmental fund, the general fund. The general fund focuses on how money flows into and out of the District and the balance left at year-end that is available for spending. This fund is reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash.

The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The differences between governmental funds and governmental activities are reflected in the adjustments column of the financial statements and are further explained on pages 11 and 13.

The District adopts an annual appropriated budget for its general fund. The District's annual budget is allocated to the taxing entities by the proportion of its total property tax levy to the total levy of all participating taxing entities. A budgetary comparison schedule has been provided for the general fund in the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

Our analysis of the District as a whole focuses on net position (Table 1) and changes in net position (Table 2). The "Summary of Net Position" (Table 1) lists assets by order of liquidity.

Table 1
Summary of Net Position

	Governmental Activities	
	2016	2015
Assets		
Cash	\$ 737,540	\$ 623,668
Capital assets, net of depreciation	397,523	181,200
Total assets	1,135,063	804,868
Liabilities		
Unearned revenue	246,535	1,400
Accounts payable and other liabilities	11,191	11,844
Total liabilities	257,726	13,244
Net Position		
Invested in capital assets, net of debt	397,523	181,200
Unrestricted	479,814	610,424
Total net position	\$ 877,337	\$ 791,624

The Changes in Net Position (Table 2) itemizes the basic sources of revenue and expenditures. Appraisal revenue from the taxing entities accounts for 98.8 % and 99.0% of the District's revenue in 2016 and 2015, respectively. Salaries and salary related expenses (retirement, insurance and payroll taxes) account for approximately 74.7% (before land and capital expenditures) and 74.4% of total expenditures in 2016 and 2015, respectively. These expenses are broken out of general government operations. Expenditures are further detailed on the Statement of Activities in the financial statements.

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Appraisal service	\$ 979,775	\$ 935,302
Mapping and copies	1,656	1,462
Interest	3,203	1,807
Tower lease	7,400	6,200
Total revenues	992,034	944,771
Expenses:		
Salaries, benefits and payroll taxes	669,127	663,796
Government operations	226,537	216,355
Depreciation	10,657	11,779
Total expenses	906,321	891,930
Change in net position	85,713	52,841
Beginning net position	791,624	738,783
Net position	\$ 877,337	\$ 791,624

Financial Analysis of the District's General Fund

For the fiscal year ended December 31, 2016, the District's governmental fund reflects a fund balance of \$479,814 compared to \$610,424 in 2015. Excess revenues over expenditures (net of expenditures allocated to the building reserve) were \$76,511 of which none will be refunded to the taxing entities but retained and committed to the building reserve. See further fund balance analysis at Note H.

General Fund Budgetary Highlights

General fund revenues exceeded final budget by \$5,059 due to interest and computer generated income which were not budgeted for. Overall, general fund expenditures were more than the original and final budget by \$131,169. The most significant increases in expenditures from budget were in the building reserve and legal fees.

For 2016 the District budgeted the annual \$7,000 building reserve amount; however, land was purchased and preliminary building construction costs (utilities construction deposit, architectural and structural engineering fees) were paid thereby exceeding this budgeted amount by \$218,540. These land and building expenditures were not budgeted for as they had been reserved for. Salaries and benefits were \$58,000 under budget due to employee turnover and the time lag between employee replacement and one employee taking a 2 and 1/2 month leave of absence.

The District budgets for equipment repairs and maintenance of \$4,500 but does not allocate this item to the taxing entities, resulting in a \$4,500 deficit budget on the original and final budget.

Capital Assets

Table 3

Capital Assets at Year-end

	Governmental Activities	
	2016	2015
Land	\$ 203,939	\$ 87,035
Building and improvements	250,966	250,966
Construction in progress	110,076	-
Vehicles	63,500	63,500
Furniture and equipment	206,394	206,394
Total capital assets	<u>\$ 834,875</u>	<u>\$ 607,895</u>

Construction in progress relates to legal expenses, site analysis costs, architectural and structural engineering costs, and utilities construction deposit for the new facility. Additional information on capital assets, including depreciation, is presented in Note B to the financial statements.

Management's Statement

The management of the District is not aware of any facts, existing or foreseen conditions or decisions that will have any significant impact on the financial position or operations of the District after the reporting date of this audit. The District obtained approvals from the taxing entities for the purchase of property and the construction of a new facility thereon. The new site land purchase closed in June 2016. In March 2017, the building construction bid from Zuber Construction was accepted for a total estimated cost of \$1,149,950. In April 2017, a 22-year promissory note was executed with Government Capital Corporation for \$1,172,949 at a rate of 4.35 percent to cover the building construction costs. Construction began in April 2017 with completion expected by the end of the year.

This report is designed to provide the board of directors, taxing entities, citizens and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sharon Constantinides, Kerr Central Appraisal District, PO Box 294387, Kerrville, TX 78029-4387, (830) 895-5223.

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BASIC FINANCIAL STATEMENTS

**KERR CENTRAL APPRAISAL DISTRICT
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	<u>General Fund Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 737,540	\$ -	\$ 737,540
Capital assets (net of accumulated depreciation)	-	397,523	397,523
Total assets	<u>\$ 737,540</u>	<u>397,523</u>	<u>1,135,063</u>
LIABILITIES			
Unearned revenue	\$ 246,535	\$ -	\$ 246,535
Accounts payable	10,889	-	10,889
Payroll liabilities	302	-	302
Total liabilities	<u>257,726</u>	<u>-</u>	<u>257,726</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Committed to:			
Building reserve	155,140	(155,140)	-
Vehicle reserve	56,000	(56,000)	-
Unassigned	<u>268,674</u>	<u>(268,674)</u>	<u>-</u>
Total fund balance	<u>479,814</u>	<u>(479,814)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 737,540</u></u>		
Net Position:			
Invested in capital assets, net of related debt		397,523	397,523
Unrestricted net position		<u>479,814</u>	<u>479,814</u>
Total net position	<u><u>\$ 877,337</u></u>	<u><u>\$ 877,337</u></u>	

See accompanying notes to the financial statements.

**KERR CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total Fund Balance - Governmental Fund	\$ 479,814
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$607,895 and the accumulated depreciation was \$426,695. The effect of including the beginning balance for capital assets (net of depreciation) in the governmental activities is to increase net position.	181,200
2. Current year capital outlays are expenditures in the fund financial statements and are increases in capital assets in the government-wide financial statements. The net effect of including the 2016 capital outlays is to increase net position.	226,980
3. The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(10,657)
Net Position of Governmental Activities	<u>\$ 877,337</u>

See accompanying notes to the financial statements

KERR CENTRAL APPRAISAL DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Adjustments	Statement of Activities
REVENUES			
Program revenue:			
Appraisal service	\$ 979,775	\$ -	\$ 979,775
Mapping and copies	1,656	-	1,656
Interest	3,203	-	3,203
Tower lease	7,400	-	7,400
Total revenues	<u>992,034</u>	<u>-</u>	<u>992,034</u>
EXPENDITURES/EXPENSES			
Salaries	510,620	-	510,620
Insurance, retirement and taxes	158,507	-	158,507
Appraisal Review Board	7,290	-	7,290
Travel and auto allowance	11,312	-	11,312
Audit and accounting	6,650	-	6,650
Mapping system	16,883	-	16,883
Equipment lease	6,118	-	6,118
Telephone and utilities	9,762	-	9,762
Consulting and legal	82,132	-	82,132
Liability insurance	5,540	-	5,540
Publishing	3,459	-	3,459
Dues	2,224	-	2,224
Schools and seminars	5,678	-	5,678
Postage	9,495	-	9,495
Printing	4,605	-	4,605
Supplies	5,655	-	5,655
Furniture and equipment	5,408	-	5,408
Bank service charges	162	-	162
Board expenses	77	-	77
Building and grounds maintenance	5,479	-	5,479
Equipment maintenance	260	-	260
Building reserve	226,980	(226,980)	-
Computer system support	38,348	-	38,348
Depreciation	-	10,657	10,657
Total expenditures/expenses	<u>1,122,644</u>	<u>(216,323)</u>	<u>906,321</u>
Excess of expenditures over revenues	(130,610)	216,323	
Change in net position			85,713
FUND BALANCE/NET POSITION			
Beginning of the year	<u>610,424</u>	<u>181,200</u>	<u>791,624</u>
End of the year	<u>\$ 479,814</u>	<u>\$ 397,523</u>	<u>\$ 877,337</u>

See accompanying notes to the financial statements.

KERR CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2016

Total Net Change in Fund Balance - Governmental Fund	\$ (130,610)
1. Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in the capital assets in the government-wide financial statements. The net effect of removing the 2016 capital outlays is to increase net assets.	226,980
2. Depreciation is not recognized as an expense in the governmental fund since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(10,657)
Change in Net Assets of Governmental Activities	<u>\$ 85,713</u>

See accompanying notes to the financial statements.

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**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Kerr Central Appraisal District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. REPORTING ENTITY

The Kerr Central Appraisal District is a political subdivision of the State of Texas created pursuant to Subchapter A of the Texas Property Tax Code. The District's primary responsibility is to develop an annual appraisal roll for use by the taxing entities. The District is governed by a board of five voting directors and one non-voting director. Members of the board are appointed by vote of the governing bodies of the taxing entities that participate in the District. The board has decision making authority, the power to designate management, and the responsibility to significantly influence operations. The board has the primary accountability for fiscal matters.

The District is a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity* and as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Based on the criterion contained in this guidance, there are no component units included within the reporting entity.

2. FINANCIAL STATEMENT PRESENTATION OF FUND AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

The financial statement format includes both the fund and the government-wide financial statements on one statement. The fund financial statements present the only major fund, the general fund. The fund financial statements are reported in the first column of the financial statements. The adjustments column shows necessary adjustments for reporting governmental activities in compliance with GASB Statement No. 34 to arrive at the government-wide financial statements.

Fund Financial Statements

The fund financial statements are provided for governmental, proprietary, and fiduciary funds, where applicable. The general fund is the only governmental fund for the District. Only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets and liabilities (i.e. revenues and other financing sources and expenditures and other financing uses).

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole, excluding fiduciary funds and component units, if any. The statement of activities reports what the District did with the revenues raised. The revenues include charges for appraisal services to taxing entities the District services and other miscellaneous revenue generated by the District.

3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available and expenditures recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. Capital asset acquisitions and debt principal payments are reported as expenditures in the governmental funds.

There was only one major governmental fund during the current fiscal year, the general fund. The general fund is the overall operating fund of the District and is used to account for all financial resources of the District.

4. CAPITAL ASSETS

Capital assets, which include the building, building improvements, vehicles, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are recorded at historical cost or estimated historical cost if constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized but are expensed as incurred.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Building	40 years
Improvements	15 years
Vehicles	5 years
Furniture and Equipment	10 years
Computer Equipment	5 years

5. CASH AND INVESTMENTS

Cash and investments are recorded at cost which, based on the account invested, are also fair value. Currently, the available cash is invested in a short-term interest-bearing checking account with a local bank issued under FDIC coverage. Excess account balances over FDIC coverage are collateralized by securities held by the pledging financial institution's agent in the District's name.

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. FUND EQUITY

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of November 10, 2011. This Statement requires the fund balance of governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Effective with the implementation of GASB Statement No. 63, fund equity for all other reporting is classified as "net position."

GOVERNMENTAL FUND BALANCES

Generally, governmental fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Directors through the adoption of a resolution. Only the Board of Directors may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balance. To preserve a sound financial system and to provide a stable financial base, the District has adopted a policy to achieve a minimal level of unassigned fund balance in the general fund of 25 percent of total general fund expenditures.

GOVERNMENT-WIDE NET POSITION

The government-wide financial statements use a net position presentation. Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows and is categorized as invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

- **Invested in Capital Assets, Net of Related Debt** – This category groups all capital assets into one component of net position. It consists of the historical cost of capital assets less accumulated depreciation and reduced by any debt that remains outstanding attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** – This category presents external restriction imposed by creditors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At the present time there are no such restrictions.
- **Unrestricted Net position** – This category represents net position of the District not restricted for any other purpose and which are available for general use by the District.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources.

8. PROGRAM REVENUE

Program revenue for the District consists of charges to participating taxing entities for appraisal services. Additionally, map and copy costs are charged to property holders or others interested in a respective property.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. BUDGETS AND BUDGETARY ACCOUNTING

The Kerr Central Appraisal District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for the general fund.
- b. The District's Board of Directors approves total budget appropriations only. The Board of Directors must approve any revisions that alter the total appropriations of any fund. Therefore, the level of budgetary responsibility is by total appropriations.
- c. Unused appropriations for all the above annually budgeted funds lapse at the end of the year and excess budgeted funds must be returned to the taxing entities unless retention of the funds is approved by the taxing authorities supporting the District's budget.

NOTE B – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2016 follows.

	<u>Balances at January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at December 31, 2016</u>
Land	\$ 87,035	\$ 116,904	\$ -	\$ 203,939
Building and improvements	250,966	-	-	250,966
Construction in progress	-	110,076	-	110,076
Furniture and equipment	206,394	-	-	206,394
Vehicles	63,500	-	-	63,500
Total historical cost	607,895	226,980	-	834,875
Less accumulated depreciation				
Building and improvements	159,896	9,353	-	169,249
Furniture and equipment	203,299	1,304	-	204,603
Vehicles	63,500	-	-	63,500
Total accumulated depreciation	426,695	10,657	-	437,352
Capital assets - net	\$ 181,200	\$ 216,323	\$ -	\$ 397,523

Additions relate to legal expenses, site analysis costs, architectural services, utilities construction deposit and the purchase of land.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE C – DEPOSITS AND INVESTMENTS

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds investment Act, The District has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Concentration of Credit Risk - The investment policy of the District states that with the exception of U.S. Treasuries and certificates of deposit, no more than 60 percent of the District's portfolio will be invested in a single security type with a single financial institution. Investments in any one issuer (other than U. S. Treasury securities, mutual fund and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The District is not exposed to concentration of credit risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2016, the District was not exposed to credit risk.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The District investment policy limits its investment portfolio to maturities of one year or less as a means of limiting exposure to fair value losses arising from fluctuating interest rates.

Foreign Currency Risk – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in any foreign investments.

As of December 31, 2016, the carrying value of the District's cash and temporary investments approximated fair value and totaled \$737,540.

NOTE D – ACCOUNTS PAYABLE

Accounts payable represents unpaid invoices on services rendered or items purchased which applied to the fiscal year under audit.

NOTE E – FRINGE BENEFIT PLANS

The Appraisal District has a medical and dental insurance plan through Texas Association of Counties (Health and Employee Benefits Pool) with medical coverage through Blue Cross/Blue Shield of Texas set up as a PPO type coverage. The District pays for the employees' premiums, with family coverage available at the employee's cost. The District's current expenditures for medical and dental insurance for the twelve months ending December 31, 2016 and 2015 were \$100,106 and \$98,954, respectively. The plan is voluntary and all full-time employees participated as of December 31, 2016 and 2015.

Beginning in April 2011, the District also began providing long-term disability coverage to all employees through Standard Insurance Company. The cost of this coverage to the District was \$6,698 and \$7,292 in 2016 and 2015, respectively.

NOTE F – ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE G – EMPLOYEE PENSION PLAN – DEFINED CONTRIBUTION

The District's money purchase pension plan (Plan) is a defined contribution plan established to provide retirement benefits to all eligible participants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan is administrated by South Texas Administrators, Inc. As of December 31, 2016 and 2015, Plan investments had a market value of \$1,580,329 and \$1,425,185, respectively. Each participant directs the investment of his/her entire interest in the Plan. At December 31, 2016 and 2015, the Plan had 11 and 10 active participants, respectively. No retirement benefits are currently being paid.

Summary Plan Description - All employees of the District are eligible and required to participate in the Plan unless they are covered by social security.

The participants become vested in the District's contributions based on years of service according to the following schedule:

<u>Years of Service</u>	<u>Percentage</u>
Less than 2 years	0 %
2 years	10 %
3 years	20 %
4 years	30 %
5 years	100 %

Any non-vested District contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future District contributions. Normal retirement date is age 55.

The Plan received a favorable determination letter dated March 12, 2013 from the Internal Revenue Service.

Contribution Requirements/Contributions Made - The District and each employee are currently required to contribute 8 percent of the employee's total compensation to the Plan. The District's and the employees' pretax contributions to the Plan for 2016 were each \$40,850 based on eligible payroll of \$510,621 and for 2015 were each \$40,773 based on eligible payroll of \$509,668. For 2015, \$1,718 of forfeitures was used to help fund the employer portion. There were no forfeitures for 2016 available to reduce the employer portion.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE H – OPERATIONS AND COMMITTED FUND BALANCE

The District's operations are financed by payments from each participating taxing unit. Each taxing unit's portion of the total annually approved budget is determined by the proportion its total property tax levy bears to the total amount of property taxes imposed in the District by all participating units. Each taxing unit pays its allocation of the District's budget in four equal payments due January 1st, March 31st, June 30th and September 30th of each year.

In addition to normal operations, the annual budget includes an amount committed for improvements on direct building expenditures to maintain the value of the real estate, \$7,000, and since 2010, \$8,000 has been committed annually for vehicle replacement reserve. Any unexpended funds related to building repairs or improvements are transferred to the committed fund balance at year-end based on Board resolution. From 2003 through 2010, the Board of Directors had approved all excess revenues over expenditures, less interest and computer or miscellaneous income, be added to the building reserve versus paid back to the taxing entities in anticipation of future building renovations. For 2011, the Board of Directors approved the refunding of this excess revenue to the taxing entities. For 2012 through 2016, the Board of Directors has approved the maintaining of any excess be added to the building reserve.

Following is an analysis of fund balance activity for the year ending December 31, 2016:

	Unassigned		Committed Fund Balance -		Total	
	Fund Balance		Building Reserve	Vehicle Reserve	Fund Balance	
Balances - January 1, 2016	\$ 263,815		\$ 298,609	\$ 48,000	\$ 610,424	
Receipts over (under) expenditures,	96,370		(226,980)			(130,610)
Board committed reserves for 2016	(15,000)		7,000	8,000		-
Excess maintained versus refunded	(76,511)		76,511	-		-
Balances - December 31, 2016	<u>\$ 268,674</u>		<u>\$ 155,140</u>	<u>\$ 56,000</u>		<u>\$ 479,814</u>

NOTE I – CONTINGENCIES

Various lawsuits have been filed against the District. All cases relate to the valuation of the properties of the plaintiffs for the purpose of ad valorem taxation. These suits seek to reduce or exempt the taxable values as determined by the District. None of the Plaintiffs are seeking monetary damages against the District except for the recovery of attorney's fees if they are successful in the suit. Should the District be unsuccessful in this litigation, the constituent taxing entities, rather than the District, would be potentially liable for refunds plus interest, as well as attorney's fees. The likelihood of direct potential loss to the District itself, other than for attorney's fees, is remote.

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The District has contracted with the Texas Municipal League Intergovernmental Risk Pool, a risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, errors and omissions liability, automobile coverage, workers' compensation and real and personal property damage coverage. Contributions are subject to adjustment each year on the anniversary date based on updated exposure information and changes in rating.

The District has had no significant reduction in insurance coverage from prior years and the District has had no settlements that exceeded insurance coverage in the current or prior years.

NOTE K – OPERATING LEASES

The District has entered into several operating leases for office equipment (copier and postage equipment) with terms in excess of one year. None of the leases contain purchase options and they do not contain termination clauses for cancellation. The lease payments for 2016 and 2015 under these contracts were \$6,118 and \$5,595, respectively, which includes additional copies, program fees and property taxes.

Future minimum lease payments are as follows.

<u>Year Ended December 31,</u>		
2017	\$	3,129
2018		3,129
2019		2,086
2020		-
2021		-
		<u>\$ 8,344</u>

**KERR CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE L – COMMITMENTS

In December 2014, the District entered into a 3-year contract with Pictometry International Corporation for access to an image library and the necessary software program. The District paid \$15,988 and \$15,988 in 2016 and 2015 respectively, and will owe \$15,998 in 2017 completing the 3-year commitment.

In January 2016, the Board approved the purchase of land for a new facility building site in Kerrville, Texas. The purchase of the land closed in June 2016. Engineering work and architectural drawings were obtained for building cost determination as well as financing options. In March 2017, Zuber Construction was chosen as the building contractor at an estimated cost of \$1,149,950. A 22-year promissory note was executed with Government Capital Corporation for \$1,172,949 at a rate of 4.35 percent. Construction began in April 2017 with completion expected by the end of 2017.

NOTE M – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 28, 2017, the date the report was available for distribution.

REQUIRED SUPPLEMENTARY INFORMATION

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KERR CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Program revenue:				
Appraisal service	\$ 979,775	\$ 979,775	\$ 979,775	\$ -
Mapping and copies	-	-	1,656	1,656
Interest	-	-	3,203	3,203
Tower lease	7,200	7,200	7,400	200
Total revenues	<u>986,975</u>	<u>986,975</u>	<u>992,034</u>	<u>5,059</u>
EXPENDITURES/EXPENSES				
Salaries	550,994	550,994	510,620	40,374
Insurance, retirement and taxes	176,893	176,893	158,507	18,386
Appraisal Review Board	12,500	12,500	7,290	5,210
Travel and auto allowance	18,000	18,000	11,312	6,688
Audit and accounting	6,200	6,200	6,650	(450)
Mapping system	19,000	19,000	16,883	2,117
Deed copies	1,000	1,000	-	1,000
Equipment lease	6,051	6,051	6,118	(67)
Telephone and utilities	12,250	12,250	9,762	2,488
Consulting and legal	72,000	72,000	82,132	(10,132)
Liability insurance	6,000	6,000	5,540	460
Publishing	8,600	8,600	3,459	5,141
Dues	2,420	2,420	2,224	196
Schools and seminars	6,550	6,550	5,678	872
Postage	15,000	15,000	9,495	5,505
Printing	5,000	5,000	4,605	395
Supplies	7,000	7,000	5,655	1,345
Furniture and equipment	7,000	7,000	5,408	1,592
Bank service charges	200	200	162	38
Board expenses	3,200	3,200	77	3,123
Building and grounds maintenance	6,150	6,150	5,479	671
Building reserve	7,000	7,000	226,980	(219,980)
Equipment maintenance	1,500	1,500	260	1,240
Computer system support	32,967	32,967	38,348	(5,381)
Vehicle replacement reserve	8,000	8,000	-	8,000
Total expenditures	<u>991,475</u>	<u>991,475</u>	<u>1,122,644</u>	<u>(131,169)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>	<u>(130,610)</u>	<u>\$ (126,110)</u>
Fund balance, beginning of year			610,424	
Fund balance, end of year			<u>\$ 479,814</u>	

See accompanying notes to the financial statements.

KERR CENTRAL APPRAISAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016

Note 1 - Budgetary Basis

The District's budgetary process accounts for certain transactions on a cash basis versus in accordance with generally accepted accounting practices. The major difference between the budgetary basis used by the District and the GAAP basis lies in the manner in which major capital expenditures and the corresponding debt to acquire these capital assets are budgeted. The District budgets for capital expenditures based on the cash basis which accounts for the smaller capital additions and only the debt service payments to be made during the year for major capital additions financed. Additionally, the District does not budget for other financing sources for the amount of the debt incurred.

Kerr Central Appraisal District**Refund due Entities****12/31/2016**

Total due entities if would be refunded	\$	76,510.57
City of Ingram	0.50552%	386.78
City of Kerrville	13.62764%	10,426.59
Kerr Fire District 1	0.15563%	119.07
Kerr Fire District 2	0.05403%	41.34
Kerr County	24.19401%	18,510.97
Ingram Hill Road District	0.00000%	-
Lateral Roads	1.77468%	1,357.82
Lake Ingram Estates Rd Dist	0.03296%	25.21
Center Point ISD	3.56076%	2,724.36
Comfort ISD	2.63476%	2,015.87
Divide ISD	0.70583%	540.04
Harper ISD	0.57167%	437.39
Hunt ISD	5.37478%	4,112.27
Ingram ISD	7.69692%	5,888.96
Kerrville ISD	37.13174%	28,409.70
Medina ISD	0.14028%	107.33
UGRA	1.41090%	1,079.49
Headwaters Underground	0.42790%	327.39
	100.00000%	76,510.57

Agenda Item:

8E. Resolution No. 31-2017 creating the Comprehensive Plan Steering Committee; establishing its purpose, membership size, term, procedures and related matters. (staff)

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

SUBJECT: Resolution No. 31-2017 creating the Comprehensive Plan Steering Committee

FOR AGENDA OF: August 8, 2017 **DATE SUBMITTED:** August 4, 2017

SUBMITTED BY: Mark McDaniel
City Manager **CLEARANCES:**

EXHIBITS: Resolution No. 31-2017

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *MM*

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

The city council is seeking extensive public input regarding the development of a new comprehensive plan for the city; therefore, the city council will consider adopting Resolution No. 31-2017 that will create the Comprehensive Plan Steering Committee (CPSC), establish its purpose, membership size, term, procedures and related matters.

Resolution No. 31-2017 will also appoint forty-two (42) persons to the CPSC, which shall include six (6) individuals nominated by each member of the City Council, all five (5) members of the City Council, and all (7) seven members of the Planning and Zoning Commission. Further, this Resolution appoints the current chair of the Planning and Zoning Commission as chair of the CPSC.

RECOMMENDED ACTION

Adopt Resolution No. 31-2017 as presented.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 31-2017

RESOLUTION CREATING THE COMPREHENSIVE PLAN STEERING COMMITTEE; ESTABLISHING ITS PURPOSE, MEMBERSHIP SIZE, TERM, PROCEDURES AND RELATED MATTERS

WHEREAS, City Council is constantly seeking ways of engaging with the community in an attempt to discern the community's collective interests and its thoughts on the future of Kerrville; and

WHEREAS, toward that end, the City Council believes it is in the public interest to consider the development of the City's new comprehensive plan; and

WHEREAS, the City Council has further determined that citizen input from residents of the City of Kerrville and surrounding areas regarding the proposed content of a comprehensive plan for the City of Kerrville is of high importance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. City Council hereby creates the *Comprehensive Plan Steering Committee* (“CPSC”) as an ad hoc board of the City of Kerrville. The CPSC shall be subject to the following regulations and procedures:

A. Purpose: The purpose of the CPSC is to serve as the recommending body for the consideration and adoption of the City of Kerrville's new Comprehensive Plan (“the Plan”), to be considered for adoption by the City Council pursuant to Chapter 213 of the Texas Local Government Code. CPSC will be responsible to the City Council and the Planning and Zoning Commission for developing the Plan's vision and principles. In general, the CPSC shall have the following functions and procedures:

1. Advise the City Council, Planning and Zoning Commission, City staff, and the professional consultant team engaged by the City (“the Consultant Team”) on policy matters and community issues relating to the development of the Plan;
2. Review draft elements and reports of the Plan prepared by the Consultant Team and City staff;
3. Forward CPSC recommendations to the Planning and Zoning Commission;
4. Work with and support Council-appointed subcommittees of the CPSC;
5. Monitor and assist in public participation and involvement in the development of the Plan; and,

6. Interact with citizens and citizen groups to develop and promote interest and participation in this planning process.

B. Membership; Appointment: The CPSC will be composed of forty-two (42) regular members, with each Councilmember having six (6) appointments. Other regular members shall be all five (5) members of the City Council and all seven (7) members of the Planning and Zoning Commission. The City Manager and any staff he may designate shall serve as ex-officio members. Each member of the CPSC must be a resident of the City or Kerr County, although a majority of the CPSC shall be City residents. (The full list of regular members is attached as Exhibit A.)

C. Term: The members appointed to CPSC shall serve until the City Council has approved an ordinance adopting an amended comprehensive plan pursuant to Chapter 213 of the Texas Local Government Code.

D. Vacancies: Upon the death, resignation, or removal of any member of the CPSC, the City Council may appoint a successor member, who shall then hold that position until the CPSC member terms have expired.

E. Removal: The City Council may, with or without cause, remove any member from the CPSC by a majority vote of the City Council.

F. Absences: City staff shall record the attendance of the members appointed to the CPSC and CPSC subcommittee. The name of any member having five (5) absences from a called meeting of the CPSC and/or the CPSC subcommittee to which the member was appointed, or who in any consecutive three-month period is absent from more than 25% of the called meetings of the CPSC and/or the CPSC subcommittee to which the member was appointed, shall be forwarded to the City Council for consideration for removal and replacement on the CPSC.

G. Officers: The CPSC chairperson shall be Bob Waller, the current chairperson of the Planning and Zoning Commission. It shall be the duty of the chairperson to preside at all meetings of the CPSC. Chairpersons for any subcommittees that may be appointed by the City Council shall be designated by the City Council from the CPSC membership.

H. Meetings: The CPSC and its subcommittees shall meet from time to time as necessary. All meetings shall take place within the City of Kerrville, Texas. Subject to the provisions of this Resolution, the CPSC may establish such procedures for the conduct of its meetings as deemed reasonable and necessary.

I. Consensus: The CPSC and CPSC subcommittee shall not conduct voting to reach recommendations. Rather, recommendations shall be reached by consensus. Consensus shall be defined as a decision achieved through negotiation whereby a hybrid resolution is arrived on an issue, dispute or disagreement, comprising typically of concessions made by all parties, and to which all parties then subscribe unanimously as an acceptable resolution. All members of the CPSC shall have the right to and are encouraged to participate in reaching a consensus

position. Sixteen (16) members of the CPSC shall constitute a quorum of the CPSC for the transaction of business.

J. Minutes; Recording Secretary: Minutes shall be kept of all proceedings of the CPSC. City staff as designated by the City Manager shall serve as recording secretary for the CPSC.

K. Committee Procedures: The CPSC shall establish procedures relating to the conduct of meetings and the carrying out of its purpose consistent with this Resolution, to include the following:

1. The process should be designed to proceed as quickly as reasonably possible using existing materials and information where applicable.
2. Except for those ordinances that may be acted upon as “early action items”, current development actions, processes, and decisions will continue in accordance with existing regulatory measures during the planning process.
3. All meetings of the CPSC and its subcommittees will be open to the public and the appropriate level of public participation to be decided by the CPSC or subcommittee as appropriate.
4. Citizen participation in the Comprehensive Planning process is emphasized, invited, and encouraged. Citizens making recommendations directly to the City Council or the Planning and Zoning Commission should be referred to the primary project manager as designated by the City Manager for direct participation.
5. The CPSC will provide a forum for citizen groups to express their opinions on the Plan elements and reports presented for consideration.
6. The CPSC will act as the coordinator for community involvement in the comprehensive planning process, resolving inconsistencies and conflicts between different plan elements and draft recommendations prior to forwarding those recommendations to the Planning and Zoning Commission.
7. The CPSC will forward its recommendations to the Planning and Zoning Commission and/or City Council in a timely manner after the final draft plan elements and reports are presented to the CPSC.
8. The CPSC will strive to achieve consensus on all recommendations while remaining sensitive to diverse citizen views. This means that all members may not agree on each and every item included in the new comprehensive plan, but that members subscribe unanimously to an acceptable resolution regarding recommendations.

SECTION TWO. The City Manager shall direct the City staff provide staff support for the administration of the CPSC including, posting agendas, keeping minutes of the CPSC's meetings, and collecting and distributing information as may be necessary from time to time.

SECTION THREE. The CPSC shall disband and have no further purpose upon the adoption by the City Council of an ordinance amending the City of Kerrville's Comprehensive Plan pursuant to Chapter 213 of the Texas Local Government Code.

PASSED AND APPROVED ON this _____ day of _____, A.D., 2017.

Bonnie White, Mayor

ATTEST:

Brenda Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

EXHIBIT A

Appointed by	First Name	Last Name
Mayor White	Mark	Bosma
Mayor White	Joe	McKay
Mayor White	Leslie	Barnett
Mayor White	James	Craft
Mayor White	Mike	Wellborn
Mayor White	Ward	Jones
Councilmember Voelkel	John	Fleckenstein, II
Councilmember Voelkel	Leeland	Barnes
Councilmember Voelkel	John	Baker
Councilmember Voelkel	Amber	Thomason
Councilmember Voelkel	Allen	Noah
Councilmember Voelkel	Jonathan	Letz
Councilmember Baroody	Linda	Bullard
Councilmember Baroody	Sandra	Garcia
Councilmember Baroody	Karen	Guerriero
Councilmember Baroody	Ernesto	Hernandez
Councilmember Baroody	Adrienne	Krueger
Councilmember Baroody	Carolyn	Lipscomb
Councilmember Summerlin	Linda	Ables
Councilmember Summerlin	Danny	Almond
Councilmember Summerlin	Fred	Gamble
Councilmember Summerlin	Sarah	Hammond-Distel
Councilmember Summerlin	Charlie	McCormick
Councilmember Summerlin	Delayne	Sigerman
Councilmember Ferguson	Elain	Dreeban
Councilmember Ferguson	Walter	Koenig
Councilmember Ferguson	Mark	Foust
Councilmember Ferguson	Tina	Woods
Councilmember Ferguson	Charlie	McIlvain
Councilmember Ferguson	Ed	Livermore
Council	Bonnie	White
Council	Vincent	Voelkel
Council	George	Baroody
Council	Mary Ellen	Summerlin

Council	Warren	Ferguson
Council*	Robert	Waller
Council*	Garrett	Harmon
Council*	Don	Barnett
Council*	Michael	Sigerman
Council*	Rustin	Zuber
Council*	Thomas David	Jones
Council*	Marty	Lenard

*Current Planning and Zoning Commission members.

Agenda Item:

9A. Official presentation of the proposed fiscal year 2017-2018 budget. (staff)

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

SUBJECT: Presentation of Proposed FY2018 Budget

FOR AGENDA OF: August 8, 2017 DATE SUBMITTED: August 4, 2017

SUBMITTED BY: Sandra Yarbrough *(S.Y.)* **CLEARANCES:** Mark McDaniel
Director of Finance City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required: \$ 0	Current Balance in Account: \$ 0	Amount Budgeted: \$ 0	Account Number: N/A
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Proposed FY2018 Budget is a priority based budget to secure a long-term water supply, program achievable infrastructure, develop and execute a facility plan that stays on course, foster a strong hub city economy with a vibrant downtown, growth in good jobs, a diverse economy and affordable housing, and encourage an involved citizenry through engagement in the development of a new comprehensive plan, representative government and a culture of strong outreach as established from the May 22, 2017 retreat. Budget workshops were held on June 21, July 19, and July 25 to review preliminary proposed budget draft documents and give direction to staff. The Proposed FY2018 Budget includes expenditures of \$66,306,531 and revenues of \$57,232,947. This includes one-time expenditures appropriated in capital funds. Both General Fund and Water and Sewer Fund are balanced with current revenues equaling current expenditures. The proposed ad valorem tax rate is \$0.5625/\$100 which has remained the same tax rate since FY2010. The proposed tax rate will raise more tax revenue for the General Fund to help fund increased street maintenance by 20%, police department and engineering department additional staffing, with an estimated 26.7% reserve fund balance at the close of FY2018. Water and Sewer Fund will have an addition of a Water Operator position due to 24 hour water system monitoring and maintenance and a contribution to the comprehensive plan without a water or sewer rate increase in FY2018.

The FY2018 Proposed Budget was filed on July 31, 2017 with the City Secretary and copies are available for public viewing at City Hall, City Secretary office, 701 Main Street, Kerrville, Texas, the Butt-Holdsworth Memorial Library, 505 Water Street, Kerrville, Texas or on the City's website, <http://www.kerrvilletx.gov>. A public hearing of the Proposed FY2018 Budget will be held Tuesday, August 22, 2017, at 6:00 p.m., City Hall Council Chambers, 701 Main Street, Kerrville, Texas. First reading of ordinance to adopt FY2018 Budget will be held Tuesday, September 12, 2017 and second reading of ordinance to adopt budget will held Tuesday, September 26, 2017. The FY2018 Approved Budget will be effective October 1, 2017.

RECOMMENDED ACTION

No action is required on this item.