

**AGENDA FOR REGULAR MEETING**

**KERRVILLE CITY COUNCIL**

**TUESDAY, NOVEMBER 14, 2017, 6:00 P.M.**

**KERRVILLE CITY HALL COUNCIL CHAMBERS**

**701 MAIN STREET, KERRVILLE, TEXAS**

**KERRVILLE CITY COUNCIL AGENDA**  
**REGULAR MEETING, TUESDAY, NOVEMBER 14, 2017, 6:00 P.M.**  
**CITY HALL COUNCIL CHAMBERS**  
**701 MAIN STREET, KERRVILLE, TEXAS**

**CALL TO ORDER**

**INVOCATION OFFERED BY COUNCILMEMBER MARY ELLEN SUMMERLIN**

**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. PRESENTATIONS:**

3A. Proclamation proclaiming November 13-19, 2017 as National Apprenticeship Week.  
(Mayor White)

**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:

---

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: November 10, 2017 at 2:30 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

4A. Minutes of the regular council meetings held September 26, 2017, and October 10, 2017. (staff)

4B. Non-exclusive license agreement between the City of Kerrville and Our Lady of the Hills for use of the Kerrville Sports Complex. (staff)

**END OF CONSENT AGENDA**

**5. ORDINANCES:**

5A. Ordinance No. 2017-21, annexing an approximate 7.95 acre tract of land into the City of Kerrville, Texas, said property generally located south of and adjacent to State Highway 27 East and west of Colvin Ranch Road East; said property being out of the F. Rodriguez Survey No. 72, Abstract No. 280, being located adjacent to the corporate limits of the City of Kerrville, Texas, and more commonly known as 5263 Highway 27 East; further describing the property to be annexed; adopting a service plan for the property annexed; and establishing the zoning for the property annexed. (staff)

5B. Ordinance No. 2017-22, authorizing the issuance of up to \$20,000,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017, approving and authorizing the execution of an escrow agreement, a paying agent/ registrar agreement, a purchase contract and other instruments and procedures related thereto; delegating authority to certain city officials to select outstanding obligations to be refunded and approve all final terms of the bonds; approving an official statement; and calling certain obligations for redemption. (staff)

5C. Ordinance No. 2017-23, amending Chapter 6 "Advertising", Article II "Signs", Section 6-36 "Exempt Signs" of the City's Code of Ordinances to exempt from permitting pole banner signs used by hospital services; containing a savings and severability clause; providing for penalties not to exceed \$2,000..00; ordering publication; providing an effective date; and providing other matters related to the subject. (staff)

**6. CONSIDERATION AND POSSIBLE ACTION:**

6A. Construction contract with M&C Fonseca Construction Company, Inc. for the river trail west improvements project as part of the river trail project in the amount of \$649,658.50 and authorize the city manager to execute additional change orders which will not exceed a total contract value of \$715,000.00. (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: November 10, 2017 at 2:30 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

6B. Resolution No. 42-2017 authorizing a waiver of various fees associated with construction activities for the property located at 602 Spur 100, within the City of Kerrville, Texas. (Steve Volkman, citizen)

6C. Resolution No. 44-2017, casting votes of the City of Kerrville, Texas, for Kerr Central Appraisal District Board of Directors. (staff)

6D. Resolution No. 45-2017, creating seven subcommittees as part of the comprehensive planning effort (Kerrville 2050) and making appointments thereto. (staff)

6E. Interlocal agreement between Kerr County, Texas and the City of Kerrville, Texas for the provision of animal control services within the City of Kerrville, Texas, and services of the Butt-Holdsworth Memorial Library for residents of Kerr County. (staff)

6F. Review trihalomethane (TTHM) reduction design report and direct staff regarding the finalization of engineering for the selected water treatment method. (staff)

## **7. ITEMS FOR FUTURE AGENDAS**

### **8. 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.

8A. City Attorney contract. (City Council)

8B. Performance review of City Attorney. (City Council)

### **9. 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: November 10, 2017 at 2:30 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. Proclamation proclaiming November 13-19, 2017 as National Apprenticeship Week. (Mayor White)

# PROCLAMATION

**WHEREAS**, The City of Kerrville recognizes a successful economic future demands flexible workforce training and credentials beyond secondary education that can be modified to accommodate changing economic and business needs; and

**WHEREAS**, The City of Kerrville and surrounding communities have benefitted from the Apprenticeship Program at Kerrville Public Utility Board. This program has been in place over a decade and provided training for 27 Apprentice Lineworkers. The graduates of this program play a key role in KPUB's mission of providing safe, reliable and cost effective electric service to our community; and

**WHEREAS**, Registered Apprenticeship Programs lead to a highly skilled workforce for industries and employers by providing workers with versatility and recognized credentials, both statewide and nationally, which enhances economic strength and leads to a vital economic environment; and

**WHEREAS**, Individuals in Registered Apprenticeship Programs, such as those at Kerrville Public Utility Board, can "earn while they learn" and receive educational opportunities through on the job learning and related bookwork instruction; and

**WHEREAS**, The goal of observance is to highlight the collective effort among states, industries, employers, educators, community-based organizations as well as local, state and federal government to ensure continued leadership in developing an innovative and highly skilled workforce through Apprenticeship:

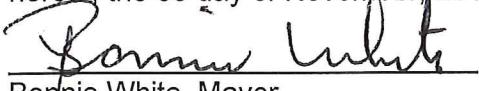
**NOW, THEREFORE**, I Bonnie White, Mayor of the City of Kerrville, do proclaim the week of November 13 – 19, 2017 as:

**"National Apprenticeship Week"**

In Kerrville, Texas.



**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the Seal of the City of Kerrville to be affixed hereto the 09 day of November, 2017.

  
Bonnie White, Mayor

## **Agenda Item:**

4A. Minutes of the regular council meetings held September 26, 2017, and October 10, 2017. (staff)

This meeting is recorded and can be viewed on the city's website at  
[www.kerrilletx.gov](http://www.kerrilletx.gov).

CITY COUNCIL MINUTES  
REGULAR MEETING

KERRVILLE, TEXAS  
SEPTEMBER 26, 2017

On September 26, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Bonnie 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 Fire Chief Dannie Smith.

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
Guillermo Garcia	Executive Director of Strategic Initiatives
Sandra Yarbrough	Director of Finance
Kim Meismer	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Stuart Cunyus	Public Information Officer

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

1. ANNOUNCEMENTS OF COMMUNITY INTEREST: were given.

2. VISITORS/CITIZENS FORUM:

1. Bruce Stracke stated a tremendous amount of investment had been made recently in several businesses in Kerrville, particularly in the downtown area.
2. Richard Norat introduced himself and asked that council nominate him to the KCAD Board of Directors (Item 6D).

3. PRESENTATIONS AND RECOGNITIONS:

3A. Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2016. Mr. McDaniel noted the city had received this award every year for the past 33 years, since 1984.

3B. Transparency Stars Awards Certificate awarded to the finance departments by the Texas Comptroller of Public Accounts.

**4. CONSENT AGENDA:**

Ms. Summerlin moved to approve consent agenda items 4A through 4F; Mr. Ferguson seconded the motion, and the motion passed 5-0:

4A. Minutes of the special meeting held August 30, 2017.

4B. Resolution No. 36-2017, approving the budget for fiscal year 2018 for the Kerr Emergency 9-1-1 Network.

4C. Resolution No. 37-2017, authorizing submission of an application to Alamo Area Council of Governments for grant funding for recycling.

4D. Interlocal agreement between the County of Kerr and City of Kerrville, Texas for the housing of city prisoners.

4E. Non-exclusive license agreement between the City of Kerrville and Texas Hill Country Senior Softball League.

4F. Request for waiver of parade permit fee and deposit by the Veterans Parade Committee for the 2017 Veterans Day Parade.

**END OF CONSENT AGENDA**

**5. ORDINANCES, SECOND AND FINAL READING:**

5A. Ordinance No. 2017-17, adopting the annual budget for the City of Kerrville, Texas, fiscal year 2018; providing appropriations for each city department and fund; containing a cumulative clause; and containing a savings and severability clause.

Mr. McDaniel recommended three items be considered for budget adjustments in the general fund expense:

1. Additional water expense at the Kerrville Sports Complex	\$60,000
2. Remove Kerr County resident library fee revenue	\$21,500
3. Lifepak15 savings due to discount on purchase	<u>-\$34,000</u>
	\$47,500

This total net expense would be offset by increase in sales tax projection of \$47,500.

Also, as previously requested by council, Mr. McDaniel presented several options to balance the FY2018 budget if the council adopted the effective tax rate that would reduce revenue projections by \$159,985.

Mr. Baroody proposed to adopt the three adjustments recommended by Mr. McDaniel, and proposed additional changes:

- Transfer portion of projected FY17 budget surplus into capital fund, \$143,300
- One-time expenses to be covered by capital fund transfer, \$143,300
- Reduce city's contribution to Kerr Economic Development Corporation, \$21,500. Mr. Baroody stated that KEDC would be fully funded for FY2018 and this amount would only decrease their reserve.

Council discussed the following:

- What impact would these additional changes have on the city's future budgets?
- Unexpected things could happen for economic development that were not anticipated.

- Concern may be over projecting sales tax revenue and sales tax could drop.
- City should not draw down on its reserve fund as this could be risky.
- The city's contribution to KEDC should not be reduced.
- Kerr County was proposing to keep their tax rate the same.

The following persons spoke:

1. Delayne Sigerman recommended the proposed tax rate in the city manager's budget should be approved. The small amount of savings from the effective rate may not adequately fund services for future growth. KEDC and the Executive Director Brian O'Connor were instrumental in retaining and adding three major businesses to our community: James Avery Craftsman, Mooney International, and Fox Tank. KEDC should be fully funded and allowed to carry forward with Mr. O'Connor's plans.
2. Diane McMahon, Chairman of the Parks and Recreation Advisory Board (PRAB), presented a letter and resolution passed by the PRAB in support of continuing with the feasibility study of the Olympic Pool. The pool had not had significant improvements since it was built in 1970. The PRAB was concerned that the city have adequate funds for the maintenance and operations of parks and recreation facilities and that the budget be based on the current effective tax rate.

Council clarified if PRAB supported the current tax rate or the effective tax rate. The parks budget was increased to \$1.4 million in the proposed budget.

3. John Harrison, member of the PRAB, clarified that the PRAB supported the tax rate proposed by the city manager.
4. Michael Sigerman noted the city had a professional city manager and staff who put together a budget proposal. At a previous council meeting the city manager presented several options to balance the budget if council lowered the tax rate, but stated he did not recommend the options. Mr. Sigerman wanted to know what the city manager had to say about Mr. Baroody's proposal.

Mr. McDaniel stated he delivered the proposed budget and made his recommendation to council, and the budget was now in the council's hands. Except for KEDC, all city services he proposed were funded; however, he looked at the budget in the long term and not just one year in time.

Mr. Baroody motioned to accept the proposed budget with amendments outlined by Mr. Baroody with the budget to be supported by the effective tax rate of \$.5514/\$100 tax value. Mayor White seconded the motion and the motion passed on vote of 3 - 2 on the following roll call vote:

Mayor White	<u>YES</u>
Mayor Pro Tem Baroody	<u>YES</u>
Councilmember Voelkel	<u>YES</u>
Councilmember Summerlin	<u>NO</u>
Councilmember Ferguson	<u>NO</u>

5B. Ordinance No. 2017-18, levying an ad valorem tax for the use and the support of the municipal government for the City of Kerrville, Texas, for the fiscal year 2018; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

Ms. Yarbrough noted the effective tax rate was \$.5514, of which \$.4779 was maintenance and operations portion of the budget and \$.0735 was interest and sinking.

Mr. Baroody moved to adopt the effective tax rate of \$.5514/\$100 property tax value to fully fund the budget adopted on the previous item. Mr. Voelkel seconded the motion and the motion passed on vote of 3 - 2 on the following roll call vote:

Mayor White	<u>YES</u>
Mayor Pro Tem Baroody	<u>YES</u>
Councilmember Voelkel	<u>YES</u>
Councilmember Summerlin	<u>NO</u>
Councilmember Ferguson	<u>NO</u>

## **6. CONSIDERATION AND POSSIBLE ACTION:**

6A. Purchase of four (4) cardiac monitors from Physio-Control in the amount of \$114,045.91.

Chief Smith requested authorization to purchase 4 LifePak 15 cardiac monitors replace the city's existing LifePak monitors, for which the service life will expire January 2019 and will no longer be supported under the service agreement. Physio-Control was offering a 5% discount and trade in of \$3,000 each for the city's current monitors if purchased before September 29, a total discount of \$114,045 for four new units, to be purchased in the FY2018 budget.

Ms. Summerlin moved to approve the purchase of four LifePak15 cardiac monitors at a price not to exceed \$114,045.91; Mr. Baroody seconded the motion and it passed 5-0.

6B. Fiscal Year 2018 budget for the City of Kerrville, Texas Economic Improvement Corporation (EIC).

Mr. Hoppe noted that city council met on September 12 and the vote to approve the EIC FY2018 budget failed. EIC reconsidered its budget on September 18 and approved their FY2018 budget without change. The budget allocated at \$4,799,153, including projected revenue of \$3,476,206, use of \$1,307,947 from the reserve account. The FY2017 projected unrestricted fund balance was \$2,259,612.

The following persons spoke:

1. Pat Patillo, supported approval of the EIC budget as proposed, without amendment. Council was micromanaging the EIC budget that was put together by competent business professionals and approved by the EIC.
2. Tom Moser, Kerr County Commissioner, supported the proposed EIC budget and allowing KEDC to maintain a reserve. He noted that reserve funds could give KEDC flexibility to act quickly on things that may come forward. Mr. Moser noted that economic

development was important and didn't just happen. KEDC worked over a year to negotiate the location of James Avery Craftsman's \$15 million facility with over 500 employees. KEDC also worked to relocate Fox Tank and to keep Mooney International in Kerrville. The KEDC board was made up of professionals. Economic prospects would not come to the city directly. Mr. Moser also asked if the effective tax rate affected the county's fee for library services. Council noted the fee was taken out.

Mayor White noted that procedures were addressed in Texas Local Government Code:

- The powers of a development corporation, such as EIC, shall be subject at all time to the control of the city council. The city shall approve all programs and expenditures of its development corporation and shall review any financial statements of the corporation.
- Gave the city authority to alter structure, the organization, the programs or activities of the development corporation at any time. The authority may be limited where there is a contract in place. The existing contract is the grant agreement between KEDC and EIC, which stated that KEDC was eligible to receive an amount up to \$180,000 for each of the remaining two years of the agreement, which started October 2015. The contract does not require that KEDC be funded \$180,000 for 3 years. Council had authority to approve EIC's budget, specifically, the allocation, expenditures and amendments.

Mayor White noted that KEDC's operations would be fully funded at \$140,000 as requested by Brian O'Connor, KEDC's Director. The council nor EIC would approve or obligate public funds without a designated purpose. The \$40,000 in KEDC's reserve fund was undesignated, and KEDC was not subject to open meetings. When KEDC has a proposal to recommend, immediately the Council and EIC will be open to the proposal.

Mr. Baroody moved to adopt the proposed EIC budget with amendment of the line item for KEDC's annual contribution to be changed from \$180,000 to \$140,000. The motion was seconded by Mr. Voelkel.

Ms. Summerlin noted a conversation by Councilmember Baroody at an EIC meeting about eliminating KEDC, now the council majority was cutting EIC's budget \$40,000, and the city's budget \$21,000 for KEDC. She questioned if this was a gradual defunding of KEDC, and noted KEDC was an independent organization, not government, and was the preferred method of negotiation for businesses and economic development. EIC recommended their same budget twice, and this sends the message that council would be making EIC's budget decisions. A majority of the current councilmembers have been opposed to projects and decisions of EIC in the past. Immediately after the election the majority replaced three EIC members. The council majority did not have a majority on EIC now so when they have a problem, they move the decisions to city council where they have a majority. Removing \$21,000 from the city budget and \$40,000 from EIC budget will affect KEDC's operations.

The motion passed 3-2 with Councilmembers Baroody, Voelkel, and White voting in favor of the motion, and Councilmembers Summerlin and Ferguson voting against the motion.

6C. Resolution No. 38-2017 amending the City of Kerrville Fee Schedule by revising fees charged for various services and uses provided or offered by the city.  
Ms. Yarbrough presented changes to the fee schedule.

Mr. Baroody opined that the municipal use fee for reuse water for the sports complex and golf course was too low at \$0.38. Mr. McDaniel noted that the municipal use fee was adopted at \$0.38 by a prior council.

Mayor White stated the motion to approve Resolution No. 38-2017. Ms. Summerlin moved the motion as stated; Mr. Ferguson seconded the motion, and it passed 5 – 0.

6D. Resolution No. 39-2017 nominating a candidate(s) to Kerr Central Appraisal District Board of Directors. Ms. Craig reported that KCAD requested nominations from the city by October 15; KCAD will prepare a ballot for entities to cast their votes. Based on the city's tax levy, the city will have 704 votes out of 5,000. The ballot will be scheduled on the November 14 agenda for council to cast its votes. William Morgan currently served as the city's representative.

Mayor White stated that Mr. Morgan had served to complete a vacant term, and he told her he would happy if council wanted to nominate someone else.

Mr. Ferguson moved to nominate Judy Eychner; Ms. Summerlin seconded the motion and it passed 5-0.

6E. Resolution No. 40-2017 authorizing the waiver of various fees and authorizing a License Agreement for the use of the City's downtown pavilion for the Kerrville Farmers Market (KFM) to be held in Downtown Kerrville the First Friday evening of each month.  
Mr. Hoppe noted the city was requested to be a co-sponsor for farmers market events: 1) Waive fees, i.e. pavilion rental and permit/application fees; 2) Allow use of equipment such as tents, tables and chairs; 3) Provide in-kind marketing and advertising in the city's annual activity guide, press releases, and website; 4) Provide barricades, access to electricity, and use of downtown restrooms. The agreement did not waive any associated fees such as police officers for security. The sponsors had garnered support for the events from downtown businesses and the owners of the adjacent parking lot.

The following persons spoke:

1. Delayne Sigerman asked if this was the same group that held the Famers Market at with the county. Council noted it was a different group with different vendors.
2. Justin Graham, organizer of the KFM, noted the pavilion provided a centralized location to bring agricultural vendors into the downtown area. He was working with others to establish branding, logo, and website. Events would be held the first Friday of each month beginning October 6.

Mr. Baroody moved to approve Resolution No. 40-2017 as presented; Mr. Voelkel seconded the motion and it passed 5-0.

**6F. Amendment to Procedural Rules for Meetings of the Kerrville City Council, Rule 7.5(c).**

Councilmember Voelkel requested council amend Rule 7.5(c) to allow councilmembers to attend any city board meeting provided adequate notice was provided to staff so that an agenda may be posted if required.

Council discussed the following:

- Anyone could access the recordings of board meetings; however, the recordings were not always immediately available on the website.
- Councilmembers attending should strictly watch and not participate; however, members may participate in discussions if they were a participant or had personal business in the matter being discussed.

Upon question of council, Mr. Hayes noted his concern was if a councilmember participated in the discussion of an item at a board meeting, and that item was later brought before council for consideration, the question of due process could be raised.

Mr. Voelkel moved to amend the Procedural Rules with statement "councilmembers may attend board meetings provided no participation unless the member has personal business at that meeting. Mr. Ferguson seconded the motion and it passed 4 – 1 with Councilmembers Voelkel, Ferguson, Baroody, and White voting in favor of the motion, and Councilmember Summerlin voting against the motion.

**7. INFORMATION AND DISCUSSION:**

**7A. Budget and economic update.**

Ms. Yarbrough gave the financial report year to date for the period ending August 31, 2017: general fund revenues totaled \$27,742,466 and expenditures \$24,962,627; water and sewer fund revenues totaled \$10,741,037 and expenditures \$10,320,076; hotel/motel fund revenues were \$1,133,962 and expenditures \$1,012,700. Eight permits were issued in August for residential construction and commercial construction was \$1,162,000. She reviewed the community investment capital projects in progress and noted sales tax collections were exceeding projections, and utility accounts were growing at about .5%.

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

**9. EXECUTIVE SESSION: None.**

**10. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY. None.**

**ADJOURNMENT.** The meeting adjourned at 7:59 p.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](http://www.kerrvilletx.gov).

CITY COUNCIL MINUTES  
REGULAR MEETING

KERRVILLE, TEXAS  
OCTOBER 10, 2017

On October 10, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Bonnie White in the city hall council chambers at 701 Main Street. The invocation was offered by Joshua Widener, followed by the Pledge of Allegiance led by Roman Garcia.

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
Guillermo Garcia	Executive Director of Strategic Initiatives
Sandra Yarbrough	Director of Finance
Kim Meismer	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Stuart Cunyus	Public Information Officer
Sabine Kuenzel	Executive 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.

1A. Mr. McDaniel presented Texas Municipal League's 2017 Public Safety Excellence Award to the Kerrville Fire Department.

**2. VISITORS/CITIZENS FORUM:**

2A. Bruce Stracke noted new businesses, business expansions, and things going on in Kerrville. Many people were making long term investments in downtown.

2B. Barbara Burton spoke about numerous junk vehicles parked on a lot on Hugo Street and associated health and sanitation issues.

2C. Clay Lambert stated the city needed to install more lighting on Holdsworth Drive; he opined this should have been done when the city installed the reuse water line.

**3. CONSENT AGENDA:**

Ms. Summerlin moved to approve consent agenda items 3A through 3C; Mr. Baroody seconded the motion, and the motion passed 5-0:

- 3A. Purchase and remount of Type I ambulance from Buyboard Quote #292B-BuyBoard, awarded to Frazer Ambulance Company through their licensed dealer, Mac Haik Dodge Chrysler Jeep; in an amount not to exceed \$138,975.
- 3B. Request for a letter of invitation to the US Special Operations Command to conduct Realistic Military Training within the City of Kerrville for joint military exercise, scheduled between March 1, 2018 – May 1, 2018.
- 3C. Resolution No. 41-2017 cancelling the regular council meetings scheduled for November 28 and December 26, 2017.

**END OF CONSENT AGENDA**

**4. ORDINANCE, FIRST READING:**

- 4A. Ordinance No. 2017-20, amending the budget for Fiscal Year 2017 to account for the transfer of funds between different funds as previously authorized by City Council, to account for the proceeds from the sale of the former City Hall property, and to make other amendments as provided herein.

Ms. Yarbrough noted ten budget amendments, which included FY2017 year end amendments made at the September 26 meeting.

Mayor White stated the motion to approve Ordinance No. 2017-20; Ms. Summerlin moved the motion as stated; Mr. Ferguson seconded the motion and it passed 5-0.

**5. PUBLIC HEARINGS:**

- 5A. Annexation and into the incorporated limits, and applying a Zoning Classification of District 26-E, for an approximate 7.95 acre tract out of land adjacent to the incorporated limits which is out of the F. Rodriguez Survey No. 72, Abstract No. 280, Kerr County, Texas, located at 5263 Highway 27.

Mr. Voelkel filed a conflict of interest affidavit and recused himself from the meeting at 6:21 p.m.

Ms. Kuenzel reviewed the annexation schedule and noted this was the first public hearing before council. Planning and zoning held a public hearing on September 7 and recommended approval of the annexation. The subject property was located between two properties that were already in the city limits. P&Z proposed E-26 zoning, the current classification on the property.

Mayor White declared the public hearing open at 6:23 p.m., no one spoke, and Mayor White closed the public hearing at 6:23 p.m.

Mr. Voelkel returned to the meeting at 6:24 p.m.

5B. Public Hearing and first reading of Ordinance No. 2017-19, a zoning change to amend Ordinance No. 2004-15, which created a "Planned Development District" for an approximate five hundred thirty-six acre tract of land out of the Walter Fosgate Survey Number 120, within the City of Kerrville, Kerr County, Texas; and generally located southeast of the intersection of Farm to Market Road 783 (Harper Highway) and Interstate 10; said amendment to adjust the authorized uses between two defined areas within said district, said areas located adjacent to and north of Holdsworth Drive.

Ms. Kuenzel noted the applicant requested to amend the existing PDD to add fuel sales to tract 4C and hotel use to tract 1C, but keep the original underlying PDD classification. The roadway dividing tracts 1C and 4C would be dedicated to the city when the property is platted. The city did not require a traffic impact study. She noted that the entire property was under the same ownership. Part of the property was deferred to the sports complex. The planning and zoning commission recommended approval.

Council discussed the following:

- The PDD was not discussed when the athletic fields were developed, and that area was designated residential.
- Restriction in the original PDD stated no fuel sales in 4C, and fuel sales in 1C should not be closer than 300 ft. from the northwest corner; restriction might have been placed in an attempt to avoid having fuel sales close to the creek.
- PDD did not allow a hotel in 1C; the restriction might have been placed on 1C because it was adjacent to residential property.
- Storm drainage and retaining walls would be addressed in the development review process.

Mayor White declared the public hearing open at 6:39 p.m., and the following persons spoke:

1. Carolyn Lipscomb questioned the type and size of signage that would be allowed along Holdsworth Drive, and requested bluebonnets and wildflowers be seeded along Holdsworth.
2. Barbara Burton questioned who would make sure that containment walls would be installed.

No one else spoke and Mayor White closed the public hearing at 6:42 p.m.

Ms. Summerlin moved to approve Ordinance No. 2017-19 on first reading. Mr. Ferguson seconded the motion and it passed 4-1 with Councilmembers Summerlin, Ferguson, Voelkel, and White voting in favor of the motion and Councilmember Baroody voting against the motion

## **6. CONSIDERATION AND POSSIBLE ACTION:**

6A. Amendment to agreement 2016-95 with the Kerrville Convention and Visitors Bureau (CVB) for use of HOT funds for promoting the arts advertising committee to add an additional arts group member.

Mr. McDaniel noted the amendment would add The Coming King Foundation (CKF) Sculpture Prayer Garden, to the CVB Arts Group, and increase CVB's funding by \$10,000 for advertising and promoting all entities in the arts group. Three entities were added since the original agreement; however, funding was not increased. Funding for advertising was paid by hotel occupancy tax funds.

Charlie McIlvain, CVB President/CEO, noted the arts group currently had 9 members; CKF would make ten. Each entity had a representative and the group decided where funds were spent, which events were advertised, and what publications were used. CVB spends all of the funds every year and more funds could be used to promote the arts. CVB had a separate contract with the city for CVB operations and advertising.

The following persons spoke:

1. Weldon Baker, treasurer of CKF, noted CKF was classified as a 501(c) 3 and CKF was strictly an art sculpture garden. CKF planned to have displays in the future to honor veterans. CKF was the top tourist attraction in Kerrville, with 105,000 visitors from 65 countries last year.

Ms. Summerlin questioned the principle of separation of church and state as the purpose of the garden was religious. She noted that the designation of 501(c)3 was an IRS code for non-profit; it did not mean secular.

2. Debbie Meszaros, administrative director of the CKF, noted they refer many visitors to local restaurants, hotels, and to the CVB. She requested signs be placed on Hwy. 16 and I-10 directing people to the CKF Prayer Garden.

Mayor White noted that TXDOT told her that it would be up to the city whether signs would be installed, and that wayfinding signs could be paid from HOT funds. TXDOT also allowed CKF to distribute brochures at ports of entry.

3. Max Griener, President of CKF, stated he donated the sculptures to the community. The CKF was a 501(c)3 and chartered by the state as an art museum; they were not chartered as a church or religious group or ministry; that was the reason that TXDOT distributed their brochures. The CKF was a landmark and the largest and most expensive art collection in the area, and the number of visitors would continue to increase. He discussed methods they used to count the number of visitors.

Ms. Summerlin suggested separating the two subjects and moved to increase the budget for the arts coop advertising group by \$10,000; Mr. Baroody seconded the motion and it passed 5-0.

Mr. Baroody moved to add the Coming King Foundation Sculpture Garden to the CVB Arts Group. Mr. Voelkel seconded the motion and it passed 4 – 1 with Councilmembers Baroody, Voelkel, Ferguson, and White voting in favor of the motion and Councilmember Summerlin voting against the motion.

6B. Non-exclusive license agreement with the Dietert Center (DC) for parking and trailhead for the river trail.

Mayor White stated the motion to approve the non-exclusive license agreement with the Dietert Center. Mr. Ferguson moved the motion; Ms. Summerlin seconded the motion and it passed 5-0.

**7. CITY MANAGER'S REPORT:**

Mr. McDaniel presented the monthly capital project report.

- Assessment of the parking garage was underway.
- The concept for the use of the Schellhase House building was proceeding.
- Reuse distribution mains, pond, and pump were on schedule for January 2018.
- River trail west extension project bids were due this month and award was scheduled for November.
- The field house at the sports complex would open in October.

**8. ITEMS FOR FUTURE AGENDAS**

- Mr. Voelkel requested council discuss amending the ordinance regarding throwing candy from a parade unit.

**9. EXECUTIVE SESSION:**

Section 551.074 (personnel/officers):

**9A. Performance Review of City Attorney.**

Prior to executive session, the following persons spoke in support of Mike Hayes as the city's attorney, noting his attributes: Kit Standridge, Glenn Andrew, Kelly Pelton, and Jon Sibert.

Ms. Summerlin spoke of Mr. Hayes' qualities and noted that Mayor White had recused herself last year, but her conflict of interest was not documented then.

Ms. Summerlin moved to award Mike Hayes a 3% increase, the same as other staff who rated the top evaluation. Mr. Ferguson seconded the motion. The motion failed 2-3 with Councilmembers Summerlin and Ferguson voting in favor of the motion and Councilmembers Baroody, Voelkel, and White voting against the motion.

Mayor White moved for the city council to go into executive closed session under Section 551.074 (personnel/officers) of Chapter 551 of the Texas Government Code; Mr. Voelkel seconded the motion.

Mr. Baroody requested discussion on the motion; however, Mayor White called for a vote on the motion to go into executive session. The motion passed 4-1 with Councilmembers White, Voelkel, Baroody, and Ferguson voting in favor of the motion and Councilmember Summerlin voting against the motion.

At 7:27 p.m. the regular meeting recessed. Council went into executive closed session at 7:28 p.m. At 8:48 p.m. the executive closed session recessed and council returned to open session at 8:49 p.m. No action was taken in executive session.

**11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY.**

Mr. Ferguson moved to allow the current contract to expire on its termination date and Mr. Hayes continue as city attorney while the council negotiated a new contract, and that the evaluation be deferred for up to 60 days; Mr. Voelkel seconded the motion. Mr. Ferguson noted this was not a decision to terminate.

Ms. Summerlin asked Mr. Hayes if the motion was in compliance with law; that is, could council terminate the contract without terminating employment?

Mr. Hayes stated the contract protected him because it had a severance package and if the contract was cancelled, he believed the severance would begin. As written, the contract automatically extended each year and there was no provision for letting it expire; therefor, if council let the contract expire, he believed it would be a termination.

Mayor White stated the reason for the 60 days was because there were issues with the form and some of the terms of the contract, but not with Mike Hayes as city attorney, and the motion included that Mr. Hayes would continue as city attorney.

Mr. Hayes agreed that a better evaluation form was needed; however, council could let the contract continue and within the next 60 days create a new form.

Mayor White asked if the motion was a legal motion. Mr. Hayes responded it was a legal motion.

The motion carried 4-1 with Councilmembers Ferguson Voelkel, Baroody, and White voting in favor of the motion; and Councilmember Summerlin voting against the motion.

**ADJOURNMENT.** The meeting adjourned at 8:57 p.m.

APPROVED: \_\_\_\_\_  
ATTEST: \_\_\_\_\_

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
Brenda Craig City Secretary

## **Agenda Item:**

4B. Non-exclusive license agreement between the City of Kerrville and Our Lady of the Hills for use of the Kerrville Sports Complex. (staff)

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

---

**SUBJECT:** Non-exclusive license agreement between the City of Kerrville and Our Lady of the Hills Regional Catholic High School for use of the Kerrville Sports Complex

**FOR AGENDA OF:** November 14, 2017 **DATE SUBMITTED:** November 9, 2017

**SUBMITTED BY:** Ashlea Boyle  
Director of Parks and Recreation

**CLEARANCES:** E.A. Hoppe  
Deputy City Manager

**EXHIBITS:** License Agreement

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** *MHC*

---

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

---

**SUMMARY STATEMENT**

Attached is a non-exclusive license agreement between the City of Kerrville and Our Lady of the Hills Regional Catholic High School (OLH) for soccer use at the Kerrville Sports Complex on Holdsworth Drive. OLH will be utilizing the Sports Complex for their fall home soccer games and will pay the associated adopted fee schedule rate of \$60 per game. The term is for November 2017 through February 2018.

**RECOMMENDED ACTION**

City staff recommends approval of the non-exclusive license agreement with OLH as presented.

**NONEXCLUSIVE LICENSE AGREEMENT  
BETWEEN CITY OF KERRVILLE AND  
OUR LADY OF THE HILLS FOR  
USE OF THE KERRVILLE SPORTS COMPLEX**

This Nonexclusive License Agreement ("License") is made and entered into by and between the **CITY OF KERRVILLE, TEXAS** ("City"), and **OUR LADY OF THE HILLS** ("OLH").

**1. Grant of Nonexclusive License.** In consideration of and subject to the terms, provisions, and covenants of this License, City hereby grants to OLH a nonexclusive license to use that part of the Kerrville Sports Complex dedicated to soccer activities and which is generally located on the southern side and along Holdsworth Drive within the City of Kerrville, Texas. Specifically, City grants this nonexclusive license to OLH for its use of areas to include the soccer fields, parking lot, and restrooms, such areas to be collectively referred to herein as the "Licensed Premises". A map of the Licensed Premises is attached hereto and made part of this License as **Exhibit A**. OLH's use of the Licensed Premises is nonexclusive and limited by Section 4, below, such that the City will authorize other persons and organizations to use the Licensed Premises at times and/or in ways that will not conflict with OLH's use.

**2. Term.** The term of this License shall begin on November 1, 2017, and terminate on February 28, 2018.

**3. Termination.** City and OLH shall each have the right, with or without cause and at any time, to terminate the License upon not less than 30 days' prior written notice to the nonterminating party. However, in no such instance may termination occur during the OLH Season, as defined in subsection 4.a., below. Upon termination, the parties shall be relieved of all further obligations hereunder except only for obligations accruing prior to the effective date of termination.

**4. OLH's Use.** OLH shall comply with the following:

- a. Subject to subsection 4.c., below, OLH may use the Licensed Premises, or an appropriate portion thereof, for the approved game dates as specified on the schedule attached as **Exhibit B** and those dates designated as "**HOME**" ("OLH Season"). Should OLH require additional use and/or access outside of these normal operating times, OLH shall provide at least 48 hours' notice to City and wait for City's approval, such approval not to be unreasonably delayed or withheld.
- b. OLH is limited to using the Licensed Premises for soccer games, and for no other purposes, during the OLH Season. Should OLH wish to hold a tournament at the Licensed Premises, it must receive written approval from City, as City will need to review the appropriateness of such use, to include issues such as availability,

capacity, and conditions of the Licensed Premises. Should City approve a tournament, OLH shall keep any revenue derived from this event.

- c. OLH acknowledges that City will allow others to use the Licensed Premises during the days and times of OLH's use. In an effort to coordinate and facilitate the OLH's schedule, OLH shall submit its proposed use schedule to the City on or before November 1 of each year. OLH shall include all known and scheduled games, and other contemplated activities or events. As part of this process, OLH agrees to attend coordination meetings that the City will schedule in November of each year. The parties will work in a cooperative manner to schedule such meeting at a mutually convenient time. City will provide notice to OLH of the time, date, and place of such meetings at least 2 weeks prior to the meeting date. At each meeting, OLH should be prepared to discuss and/or do the following:
  - i. provide current list of officers and officials, if changes will/have occurred;
  - ii. provide game format information and information to address field set-up;
  - iii. provide days and times of scheduled game; and
  - iv. discuss any maintenance or safety issues.
- d. OLH shall not use any property beyond the Licensed Premises.
- e. OLH shall institute all reasonable measures as are necessary to ensure that its officials, representatives, players, members, volunteers, spectators, guests, invitees, and agents (collectively referred to herein as "OLH Users") remain within the Licensed Premises at all times during OLH's use. Such measures should include adding these instructions to its literature, forms, and periodically reminding its coaches, referees, and other officials of this provision as a way to help ensure safety.
- f. OLH shall inspect the Licensed Premises, in particular the fields, prior to each use to ensure that they are safe for all intended uses.
- g. OLH shall take all steps to ensure that Users use appropriate safety equipment during play.
- h. OLH shall periodically inspect the goals and netting as necessary but no less than once before the start of each game or practice session to ensure that they are and will remain securely anchored and safe for use.
- i. OLH shall ensure that Users and activities are adequately supervised by an appropriate number of its adult officials and representatives at all times during OLH Season.

- j. OLH shall take all reasonable action to ensure that all rules, regulations, and ordinances adopted by City that are applicable to the Licensed Premises are followed, to include prohibiting smoking, alcohol, or pets on the Licensed Premises by Users. City shall provide OLH with a written copy of the rules, regulations, and ordinances that OLH shall address.
- k. OLH shall take reasonable measures to ensure that Users abide by all traffic and parking signs. Such measures should include adding these instructions to its literature, forms, and periodically reminding its coaches, referees, and other officials of this provision as a way to help ensure safety.
- l. OLH shall pick-up trash within the Licensed Premises at the end of its games.
- m. HCYSA shall place all trash that it collects in the City provided dumpster as located on the Licensed Premises.
- n. OLH shall provide both a primary and secondary point of contact to the City, to include name, telephone number(s), and email address. City will only communicate through these contacts with respect to the License.
- o. OLH shall not operate, nor allow the operation of any motor vehicles on the soccer fields, areas adjacent to the soccer fields, or beyond paved areas without prior written consent of the City.
- p. OLH shall not move anchored goals.
- q. OLH shall immediately report any maintenance issues or defective equipment to the City.
- r. OLH shall refrain from any activity in relation to and use of the Licensed Premises that discriminates against any person or persons based upon race, color, creed, national origin, religion, sex, or any other protected class in accordance with federal and state laws.

**5. City's Responsibilities.** City shall perform the following services:

- a. City shall provide all competition goals, nets, corner flags, and player benches. Goals shall be a size that is age appropriate for the players using a particular field, and shall follow size recommendations as presented by the U.S. Soccer Federation for that age group.

- b. City shall provide all field maintenance and custodial services unless otherwise designated in this License.
- c. City is not responsible for security or providing traffic control on the Licensed Premises.
- d. City shall provide notice to OLH's point of contact where the Licensed Premises are closed due to inclement weather or where any portion thereof is deemed unsafe or unusable such that OLH's use would be effected. City shall use its best effort to provide OLH as much notice as possible.
- e. City's point of contact to OLH is the Sports Complex Manager. Where such person is unavailable, OLH may contact the Sports Complex Supervisor. City shall provide OLH with contact information for both.

**6. Insurance.** OLH shall purchase public liability and casualty insurance from an insurance company licensed to do business in the State of Texas. City must approve the policy prior to the OLH's use of the Licensed Premises. The policy shall be in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence and shall cover the Licensed Premises during OLH's use of the Licensed Premises. Upon execution of this License, OLH shall provide City with a copy of the insurance policy showing the premium prepaid for the Initial Term. In the event OLH fails to maintain the insurance coverage, the License shall terminate without notice from City to OLH. The public liability and casualty insurance policy must name City as an "additional insured" and include a waiver of subrogation provision in favor of City. The policy and any renewal certificate must provide that City be notified 30 days prior to cancellation or modification of any coverage. Language to the effect that the insurance company will "endeavor" or "attempt" to so notify City is not sufficient. OLH shall provide renewal certificates to City at least 10 days prior to each expiration date. The policies must remain in effect for the entire term of this License and any renewals.

**7. Alterations and Improvements.** OLH shall not make any alterations, additions, or improvements to the Licensed Premises.

**8. City Access.** City shall maintain its access to the Licensed Premises at all times for any purpose.

**9. Termination for Safety Violation or Unlawful Use.** OLH shall not use or occupy nor permit OLH Users to use or occupy the Licensed Premises for any unlawful purpose. OLH shall comply with all laws, ordinances, orders, rules, and regulations of state, federal, municipal, or other agencies or bodies having any jurisdiction thereof relating to the use, condition, or occupancy of the Licensed Premises. Notwithstanding any other provision of this License, any

violation of this provision, or a gross violation of any safety-related provision herein, shall entitle the City to immediately terminate this License.

**10. Limitation/Elimination of Use.** City has the authority to limit or eliminate any and all use as a result of its reasonable concerns for field conditions, safety of participants, or preservation of fields. Such limits or restrictions may be the result of drought conditions which has resulted in water restrictions.

**11. Waiver.** OLH shall require each participant or their parent or legal guardian to sign a Waiver of Liability/Hold Harmless Agreement prior to use of the Licensed Premises. The agreement is attached as **Exhibit C**. OLH shall retain each completed and signed agreements as a part of its permanent records and make these available to City upon request.

**12. INDEMNIFICATION. OLH SHALL INDEMNIFY, DEFEND, AND HOLD CITY, ITS OFFICIALS, EMPLOYEES, AND AGENTS HARMLESS OF AND FROM ALL CLAIMS, DEMANDS, LIABILITY, LOSS, COST AND EXPENSE, INCLUDING ATTORNEY'S FEES AND COST OF LITIGATION, IN ANY MANNER ARISING OUT OF OR RESULTING FROM THE USE BY OLH OR OLH USERS OF THE LICENSED PREMISES, OR THE EXISTENCE OF OLH AND OLH'S IMPROVEMENTS AND PERSONALITY ON THE PREMISES, INCLUDING ANY AND ALL LIABILITY, LOSS, COST, AND EXPENSE ARISING FROM CLAIMS OR DEMANDS BY OLH USERS.**

**13. Entire Agreement/Amendments.** This License contains the entire agreement between the parties and supersedes all prior written or oral agreements between the parties pertaining to the Licensed Premises. Only an instrument in writing signed by both parties may amend this Agreement.

**14. Assignment or Sublicense.** OLH may not assign or sublicense this License or any part of the Licensed Premises.

**15. Casualty.** In the event of property damage caused by OLH or OLH User, OLH shall immediately notify the City and shall thereafter restore all damaged improvements within 30 days. Within this 30-day period, may notify City that such improvements will take longer than this period to which City shall not unreasonably delay or deny approval.

**16. Performance by City.** If OLH fails to perform any of its obligations, City may, at its option and following notice to OLH, which shall include an estimate all costs and expenses,

perform any such obligation. Thereafter, OLH shall pay City upon demand all costs and expenses incurred by City.

**17. No Other Relationship.** This License constitutes the entire agreement between City and OLH. Nothing contained herein shall be construed to create any principal/agent, employer/employee, joint venture, partnership, or other arrangement between City and OLH.

**18. Default.** If either party hereto shall fail to perform any obligation of such party as herein set forth, and such failure shall continue for a period of 10 days after written notice of default, except for OLH's insurance obligations above provided, for which no notice or opportunity to cure shall be given, or for safety-related reasons, the party not in default shall have the right, at such party's option, and in addition to any other remedies available at law or in equity, to terminate this License by notice to the party in default. The failure of either party to declare any default immediately upon the occurrence thereof or delay in taking any action in connection therewith shall not waive such default, but such party shall have the right to declare any such default at any time and take such action as might be authorized hereunder or that may be available at law or in equity.

**19. Notice.** Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered, whether or not actually received, when i) deposited in the United States mail as certified mail, return receipt requested, and addressed to the parties hereto at their respective addresses as set forth below; or ii) sent as email as specified below:

<b>City:</b>	<b>City of Kerrville, Texas</b> <b>Attention: Sports Complex Manager</b> <b>Email: <a href="mailto:shane.heffernan@kerrvilletx.gov">shane.heffernan@kerrvilletx.gov</a></b> <b>City Hall, 701 Main Street</b> <b>Kerrville, Texas 78028</b>
<b>OLH:</b>	<b>Our Lady of the Hills</b> <b>Attn: Chris Ramirez</b> <b>235 Peterson Farm Road</b> <b>Kerrville, Texas 78028</b> <b>Email: <a href="mailto:ramirez@ourladyofthehills.org">ramirez@ourladyofthehills.org</a></b>

**20. Fees/Payments.** OLH shall pay City a fee of \$60.00 per game for the OLH Season. OLH shall deliver a lump sum payment on or before the beginning of the Initial Term.

**21. Warrant of Capacity.** Each individual and entity executing this Agreement hereby represents and warrants that he, she, or it has the capacity set forth on the signature page hereof with full power and authority to bind the party on whose behalf he, she, or it is executing this License to the terms hereof.

**22. Approval Authority.** In this License, wherever an act requires approval by or consent of the City, such approval or consent must be obtained from the City Manager.

**23. Governing Law and Enforcement.** This License shall be governed by the laws of the State of Texas and shall be performable in Kerr County. Venue for any dispute arising between the parties to this License shall be in Kerr County, Texas.

**24. Indemnification.** The parties agree that the indemnity provisions set forth Section 12 above is Conspicuous, and the parties have read and understood the same.

**25. Waiver.** Waiver by either party of any breach of this License, or the failure of either party to enforce any of the provisions of this License, at any time, shall not in any way affect, limit or waive such party's right thereafter to enforce and compel strict compliance.

**26. Savings/Severability.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**27. Representations.** Each signatory represents this License has been read by the party for which this License is executed and that such party has had an opportunity to confer with its counsel.

**28. Miscellaneous Drafting Provisions.** This License shall be deemed drafted equally by all parties hereto. The language of all parts of this License shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any party shall not apply. Headings in this License are for the convenience of the parties and are not intended to be used in construing this document.

**29. Sovereign Immunity.** The parties agree that City has not waived its sovereign immunity by entering into and performing its obligations under this License.

**30. No Third Party Beneficiaries.** Nothing in this License shall be construed to create any right in any third party not a signatory to this License, and the parties do not intend to create any third party beneficiaries by entering into this License.

Signed and agreed by the authorized representatives of City and OLH on the dates indicated below.

**CITY OF KERRVILLE, TEXAS**

By: \_\_\_\_\_  
Mark L. McDaniel, City Manager

Date: \_\_\_\_\_

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

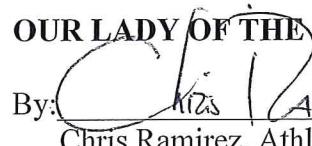
  
Michael C. Hayes, City Attorney

APPROVED AS TO CONTENT:

  
Ashlea Boyle, Director of Parks and Recreation

L:\Legal\PARKS & RECREATION\Kerrville Sports Complex\Soccer\License Agreement\_OLH\_110917.docx

**OUR LADY OF THE HILLS**

By:   
Chris Ramirez, Athletic Director

Date: Nov 10 17

# EXHIBIT A

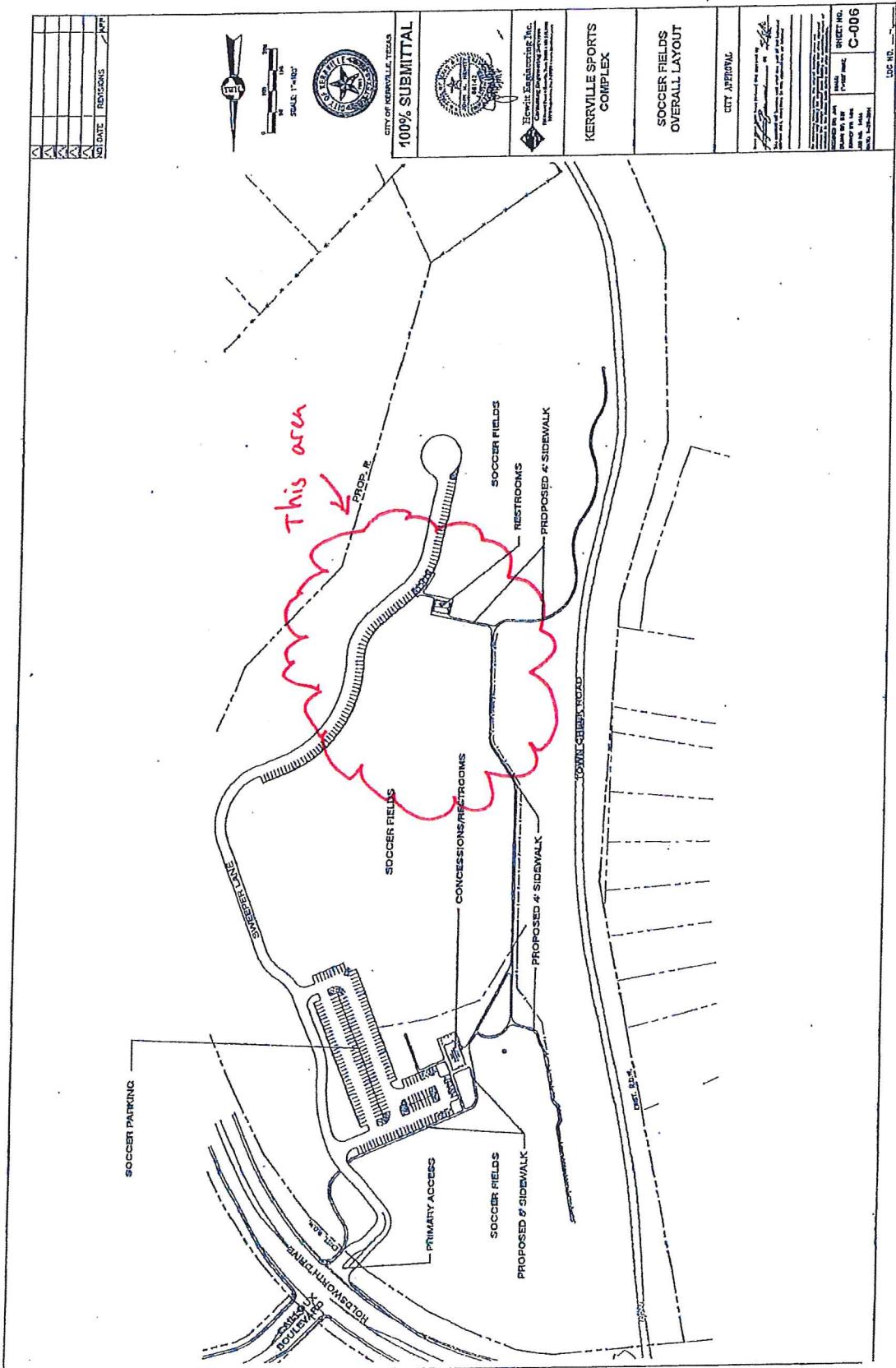


EXHIBIT A

# EXHIBIT B

**2017-18 OLH Soccer Schedules**

Revised Nov. 7, 2017

Tuesday	Nov. 9 <sup>th</sup>	HOME	Incarnate Word	G	5:30
Thursday	Nov. 30 <sup>th</sup>	HOME	SA St. Gerard	B	5:30
Monday	Dec. 4 <sup>th</sup>	away	San Marcos Academy*	G/B	5:00/7:00
Friday	Dec. 15 <sup>th</sup>	away	@Pharr Oratory*	B	TBD
Thursday	Jan. 4	away	@Austin Veritas/NBCA*	G/B	7:15/5:30
Saturday	Jan. 6	away	@Boerne Geneva*	G/B	3:00/5:00
Monday	Jan. 8	away	@San Marcos Academy*	G/B	5:00/7:00
Thursday	Jan. 11	away	@ SA St. Gerard	B	5:30
Thur-Sat	Jan. 11-13	away	@Fredericksburg Tourney	G	TBD
Monday	Jan. 15	HOME	<b>vs. Schertz John Paul II*</b>	G/B	<b>5:00/7:00</b>
Friday	Jan. 19	HOME	<b>vs. Austin Brentwood/Pharr*</b>	G/B	<b>5:00/7:00</b>
Monday	Jan. 22	HOME	<b>vs. Austin Veritas/NBCA*</b>	G/B	<b>5:00/7:00</b>
Thursday	Jan. 25	HOME	<b>vs. San Marcos Academy*</b>	G/B	<b>5:00/7:00</b>
Monday	Jan. 29	HOME	<b>vs. Boerne Geneva*</b>	G/B	<b>5:00/7:00</b>
Thursday	Feb. 1	away	@Schertz John Paul II*	G/B	5:00/7:00
Monday	Feb. 5	away	@Austin Brentwood*	G	TBD

# EXHIBIT C

**PARTICIPANT'S WAIVER OF LIABILITY**  
**Our Lady of the Hills Regional Catholic High School**

I agree that in consideration of my participation in **Our Lady of the Hills Regional Catholic High School (OLH)**, to assume all risks associated with my participation in the OLH, and on behalf of myself and my heirs, executors, and administrators, I waive all claims against, and **release and hold harmless**, OLH, the City of Kerrville, and their officers, agents, and employees from and against any and all claims, damages, liabilities, causes of actions, losses, costs and expenses, including reasonable attorney's fees, arising out of or in connection with my participation in the OLH, including without limitation, death, any personal injuries or loss of use of property, which I may incur as a result of my participation in the OLH, **including any death, personal injuries or loss of, damage to or loss of property which may be the result of negligence on the part of OLH, the City of Kerrville, or their officers, employees, or agents, or arising from any premises defect on the property where OLH is conducted.**

The City of Kerrville reserves the right, and may give permission to the media, to photograph classes, programs, and participants at any of our facilities and properties or any sponsored activity. Please be aware that these photos are for promotional purposes and may be used in future publications and media communications in any format. If you do not wish to be photographed, please inform staff and we will make reasonable efforts to honor your request. If you see staff taking pictures, and you do not wish to be photographed, please let us know. If you see a photo of yourself or a family member that causes you concern, please notify us. As a courtesy, we will make every reasonable effort to dispose of the image, and will not use it in future publications. However, we will not be able to retrieve, destroy or discontinue existing printed publications in which the photograph may have been included.

I warrant that I am of legal age and that I have read and fully understand the foregoing terms.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

Participant Signature \_\_\_\_\_ (if participant is over 18)

Parent / Guardian Signature if participant is under 18 years of age \_\_\_\_\_

Parent / Guardian Name Printed \_\_\_\_\_

Participant Name (printed) \_\_\_\_\_ Date of Birth \_\_\_\_\_

Address \_\_\_\_\_

City / State / Zip \_\_\_\_\_

## **Agenda Item:**

5A. Ordinance No. 2017-21, annexing an approximate 7.95 acre tract of land into the City of Kerrville, Texas, said property generally located south of and adjacent to State Highway 27 East and west of Colvin Ranch Road East; said property being out of the F. Rodriguez Survey No. 72, Abstract No. 280, being located adjacent to the corporate limits of the City of Kerrville, Texas, and more commonly known as 5263 Highway 27 East; further describing the property to be annexed; adopting a service plan for the property annexed; and establishing the zoning for the property annexed. (staff)

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

---

**SUBJECT:** FIRST READING OF ORDINANCE NO. 2017-21, AN ORDINANCE ANNEXING AN APPROXIMATELY 7.95 ACRE TRACT OF LAND ADJACENT TO THE INCORPORATED LIMITS WHICH IS OUT OF THE F. RODRIGUEZ SURVEY NO. 72, ABSTRACT NO. 280, KERR COUNTY TEXAS, LOCATED AT 5263 HWY 27, DESCRIBING THE AREA TO BE ANNEXED, ADOPTING A SERVICE PLAN FOR THE TERRITORY ANNEXED, AND ESTABLISHING THE ZONING FOR THE ANNEXED AREA. (FILE NO. 2017-051)

**FOR AGENDA OF:** November 14, 2017

**DATE SUBMITTED:** November 7, 2017

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

**CLEARANCES:** Mark McDaniel  
City Manager

**EXHIBITS:** Planning and Zoning Commission staff report; Draft of Ord. No. 2017-21

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** *MM*

---

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OF FINANCE:**

---

**SUMMARY STATEMENT**

This is this first of two readings to annex phase two of the Fox Tank property. This annexation will complete the company's obligation under its economic improvement agreement with the City of Kerrville.

The Planning and Zoning Commission conducted a public hearing on this item at the September 7, 2017 regular meeting and recommended that the Council annex the subject tract and recommended a zoning designation of District 26-E. The City Council held its first public hearing on October 10, 2017, and its second public hearing on October 24, 2017. Second reading is scheduled to occur on December 12, 2017.

**RECOMMENDED ACTION**

Staff and the Planning and Zoning Commission recommend approval of the First Reading of Ordinance No. 2017-21.



# City of Kerrville Planning Department Report

To: Planning & Zoning Commission  
Agenda Item: 3A  
Planning File #: 2017-051  
Hearing Date: September 7, 2017  
Representative: Voelkel Land Surveying, Lee Voelkel  
Location: 5263 Hwy. 27  
Total Acreage: 7.95 acres

---

## Proposal

A request to annex into its incorporated limits and recommendation for a zoning classification of District 26-E, for an approximately 7.95 acre tract of land adjacent to the incorporated limits which is out of the F. Rodriguez Survey No. 72, Abstract No. 280, Kerr County Texas, located at 5263 Hwy 27

## Procedural Requirements

The application was published in The Hill Country Community Journal, an official newspaper of general circulation on August 23, 2017. Notices were sent to property owners within two hundred (200) feet of the subject property on August 28, 2017. Additionally, notice of this meeting was posted at city hall and on the city's internet website on September 1, 2017 in accordance with Section 551.043(a) of the Texas Government Code.

## Background

This item comes before the Commission because the applicant has petitioned annexation into the corporate limits of the City of Kerrville. Fox Tank Company is the sole owner of an approximate 7.95 acre tract of land located adjacent to the incorporated limits of the City of Kerrville. The property is presently vacant and without residents or on which fewer than three qualified voters reside.

The nearest existing developments to the subject property include 26-E, GR (Guadalupe River District), and AD (Airport District). The purpose of the 26-E district is to be developed as industrial. Both heavy and limited industrial uses are listed as permitted, though other uses primarily intended to compliment the industrial uses are also allowed. The GR district is designed to allow the development of business-type uses compatible with the riverside environment in areas contiguous with or in close proximity to the Guadalupe River which are not otherwise included in other zoning districts. The AD district encompasses the area of the Kerrville-Kerr County Municipal Airport and is designed to allow for uses associated with and compatible to the operation of a municipal general

aviation airport.

### **Transportation**

**Thoroughfare:** Highway 27 is a major arterial, with adequate capacity to absorb any impact from development of the subject property.

**Proposed Changes:** No changes proposed to the roadways at this time

### **Analysis**

#### **1. Consistency with Comprehensive Plan:**

The 26-E district is consistent with the City's intended plan for land uses within the area.

#### **2. Adverse Impacts on Neighboring Lands:**

None identified at this time.

#### **3. Suitability as Presently Zoned:**

The tract would be more suitable to be zoned 26-E upon annexation, rather than an interim zoning classification.

#### **4. Health, Safety and Welfare:**

Staff has identified no likely adverse effects on public infrastructure.

#### **5. Size of Tract:**

An approximately 7.95 acre tract of land that will likely develop in conjunction with the existing Fox Tank property.

#### **6. Other Factors:**

None identified.

### **Proceedings**

Hold a public hearing and make a recommendation to Council regarding the zoning of 26-E.

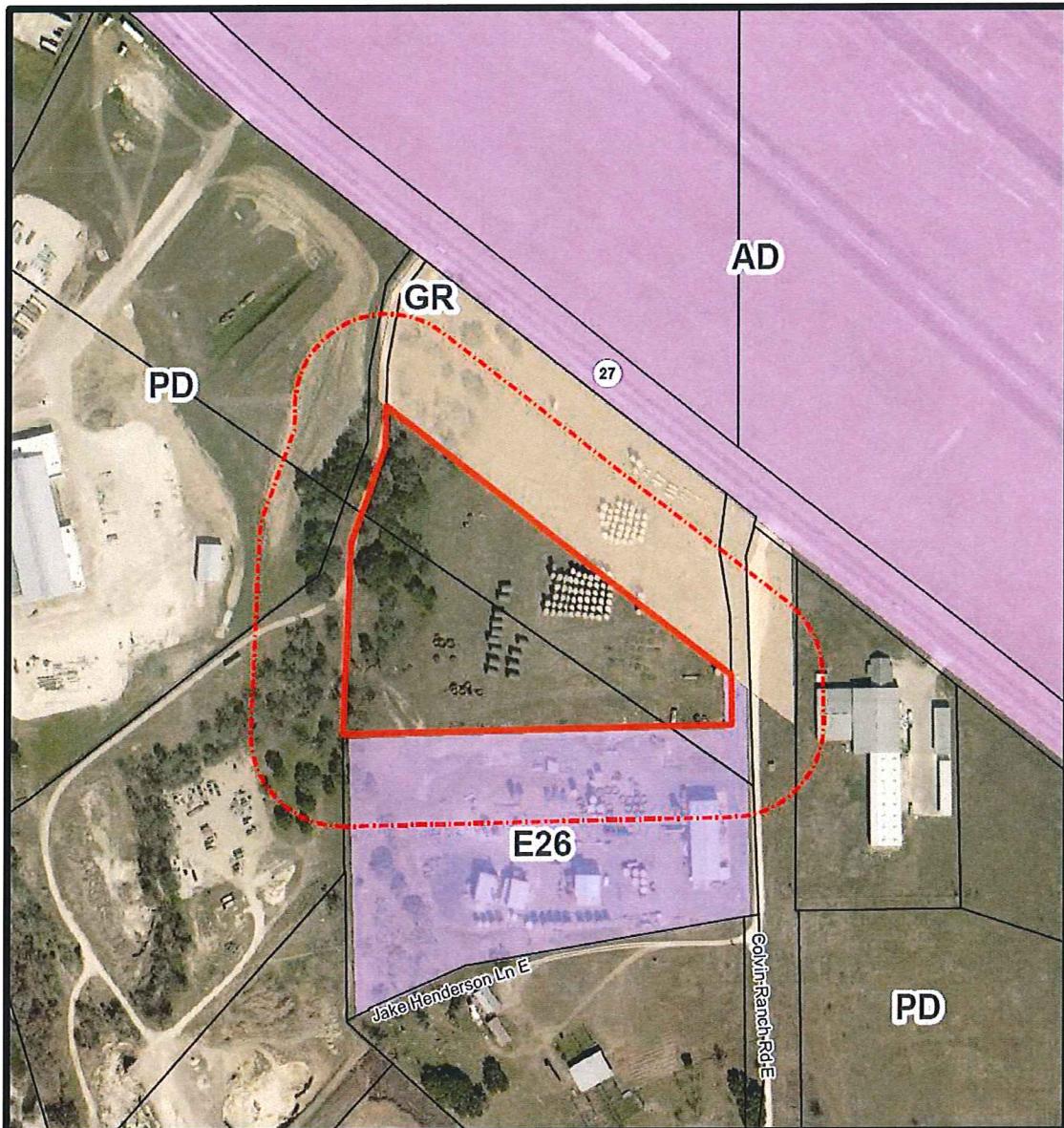
### **Staff Recommendation:**

Approval

**Attachments:**

Exhibit A Location Map  
Exhibit B Annexation Application Plat  
Exhibit C Permitted Use List – District 26-E

## Exhibit A Location Map



### Location Map

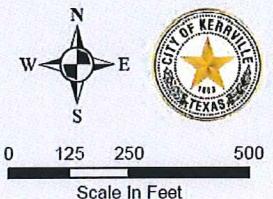
Case # 2017-051

Location:

Address: 5263 Highway 27  
Property ID: 533684, 533685

Legend

200' Notification Area  
Subject Properties



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only approximate relative locations.

**Exhibit B Annexation Application Plat**



**Exhibit C Permitted Use List – District 26-E**

LAND USES	26
Agricultural - General	P
Agricultural Service	P
Bed and Breakfast	
Building Construction, General	
Building Construction, Specialist	P
Business Services I	P
Business Services II	P
Cocktail Lounge	P
Detention Facilities	
Dwelling , Single Family, Detached	
Manufactured Home or Manufactured Housing	
Dwelling, Multiple Family	C
Dwelling, Single Family with apartment	
Dwelling, RC District Uses (with plat)	
Education, Secondary and College	C
Education, Primary	C
Equipment Sales/Repair/Storage (Heavy)	P
Fuel Sales	P
Funeral Services	
Institutional and Public Use Facilities	
Life Care Development	
Manufacturing, Custom	P
Manufacturing and Industrial, Heavy	P
Manufacturing and Industrial, Limited	P
Manufactured Housing Sales	
Personal Services I	P
Personal Services II	P
Personal Services-Limited	P
Professional Offices	P
Restaurant, General	P
Restaurant, Limited	P
Retail Trade – I	P
Retail Trade – II	
Retail Trade – III	
Retail Trade – Limited	
Tourist/Visitor & Recreation Service	P
Transportation Terminal (Bus/Aviation)	P
Vehicle Maintenance and Repair	P
Vehicle Sales/Service-Used	C
Vehicle Sales/Services – New	P
Warehousing & Distribution	P

**ANNEXATION SERVICE PLAN  
PHASE 2 FOX TANK PROPERTY**

<b>SERVICE</b>	<b>DETAILS OF SERVICE PROVIDED</b>	<b>TIMETABLE</b>
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 through regular patrol activities.	Immediately following annexation
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

<b>SERVICE</b>	<b>DETAILS OF SERVICE PROVIDED</b>	<b>TIMETABLE</b>
Sanitation (Refuse Collection)	Refuse collection shall be available to the annexed area at the same costs and procedures as required of City 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	Subject to the provisions of any and all agreements as the property develops.

**CITY OF KERRVILLE, TEXAS  
ORDINANCE NO. 2017-21**

**AN ORDINANCE ANNEXING AN APPROXIMATE 7.95 ACRE  
TRACT OF LAND INTO THE CITY OF KERRVILLE, TEXAS,  
SAID PROPERTY GENERALLY LOCATED SOUTH OF AND  
ADJACENT TO STATE HIGHWAY 27 EAST AND WEST OF  
COLVIN RANCH ROAD EAST; SAID PROPERTY BEING OUT OF  
THE F. RODRIGUEZ SURVEY NO. 72, ABSTRACT NO. 280,  
BEING LOCATED ADJACENT TO THE CORPORATE LIMITS OF  
THE CITY OF KERRVILLE, TEXAS, AND MORE COMMONLY  
KNOWN AS 5263 HIGHWAY 27 EAST; FURTHER DESCRIBING  
THE PROPERTY TO BE ANNEXED; ADOPTING A SERVICE  
PLAN FOR THE PROPERTY ANNEXED; AND ESTABLISHING  
THE ZONING FOR THE PROPERTY ANNEXED**

**WHEREAS**, pursuant to Texas Local Government Code Section 43.052(h)(2), the owner of the property described in Section One, below, previously petitioned the City to annex the property 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 persons with an interest in the matter were provided an opportunity to be heard, 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 property;

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

**SECTION ONE.** The property described and depicted in **Exhibit A** is annexed and incorporated into the corporate limits of the City of Kerrville, Texas, for all legal purposes.

**SECTION TWO.** The petition for annexation concerning the property described in Section One, above, is attached as **Exhibit B** and incorporated herein by reference.

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

**SECTION FOUR.** Upon the adoption of this Ordinance, the property as described in Section One, above, shall be subject to a zoning designation of District 26-E.

**SECTION FIVE.** The provisions of this Ordinance are to be cumulative of all Ordinances or parts of Ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

**SECTION SIX.** If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

**SECTION SEVEN.** The penalty for violation of this Ordinance shall be in accordance with the general penalty provisions contained in Article 1-1-7 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00).

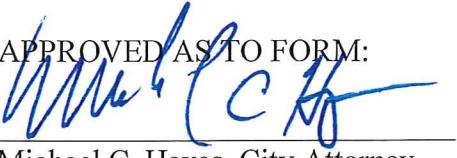
**SECTION NINE.** In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication.

**SECTION TEN.** In accordance with Section 43.028(d) of the Texas Local Government Code, the City Secretary is directed to file a certified copy of this Ordinance together with a copy of the petition requesting annexation with the Kerr County Clerk.

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

**PASSED AND APPROVED ON SECOND READING, this the \_\_\_\_\_ day of  
\_\_\_\_\_, A.D., 2017.**

\_\_\_\_\_  
Bonnie White, Mayor

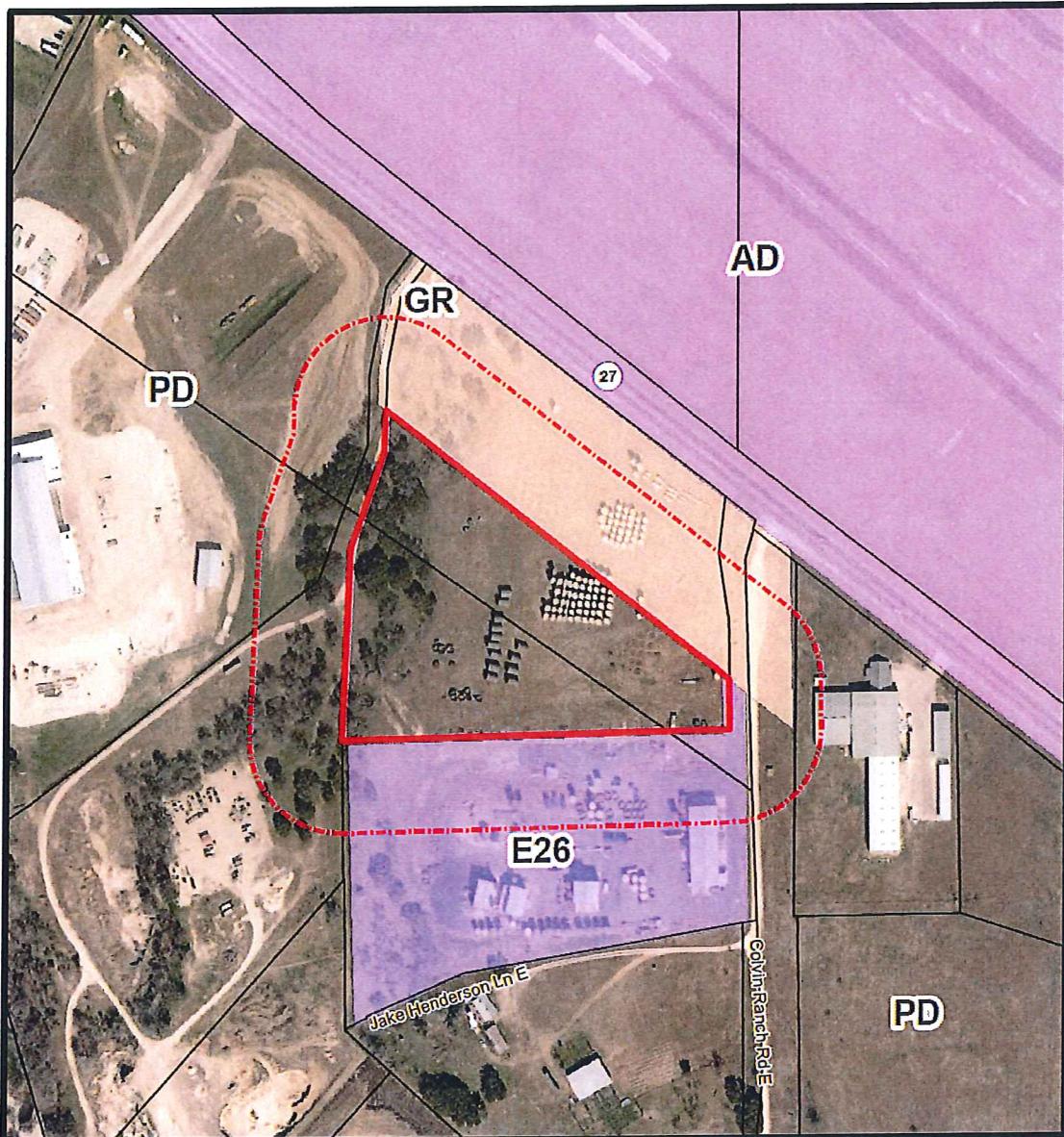
APPROVED AS TO FORM:  


Michael C. Hayes, City Attorney

\_\_\_\_\_  
ATTEST:

\_\_\_\_\_  
Brenda C. Craig, City Secretary

## Exhibit A Location Map



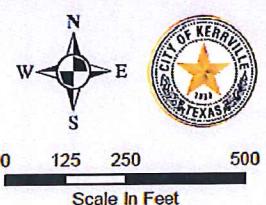
### Location Map

Case # 2017-051

Location:

Address: 5263 Highway 27  
Property ID: 533684, 533685

Legend  
200' Notification Area   
Subject Properties



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only approximate relative locations.



EXHIBIT B

PETITION REQUESTING ANNEXATION INTO THE CORPORATE LIMITS OF THE CITY OF KERRVILLE, TEXAS, OF 7.95 ACRES OUT OF THE F. RODRIGUEZ Survey, Abstract Number 280, KERR COUNTY TEXAS

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF KERRVILLE, TEXAS:

Fox Tank Company is the sole owner of an approximately 7.95 acre tract of land located adjacent to the incorporated limits of the City of Kerrville which is out of the Survey No. 72, Abstract No. 280 Kerr County, Texas, and is more particularly described as follows:

SEE EXHIBIT "A" (Field Notes) and  
EXHIBIT "B" (Survey) attached hereto.

The above-described property is (a) one-half mile or less in width, (b) contiguous to the incorporate limits of the City of Kerrville, Texas, and (c) presently vacant and without residents or on which fewer than three qualified voters reside.

In accordance with Texas Local Government Code §43.028, Fox Tank Company hereby requests and petitions that the above-described property be annexed into the incorporated limits of the City of Kerrville, Texas.

SUBMITTED THIS 3<sup>rd</sup> day of July, 2017.

By: J. Nathan Fox  
Legally authorized signature

## ACKNOWLEDGEMENTS

## THE STATE OF TEXAS

১০৩

COUNTY OF KERR

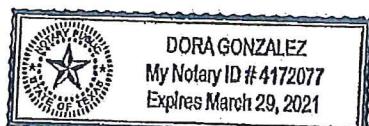
55

This instrument was acknowledged before me on the 30 day of July, 2017, for and on behalf of

Sonia Gonzalez  
NOTARY PUBLIC, STATE OF TEXAS

Printed Name: Dora Gonzalez

My Commission Expires: 3-29-2021



**EXHIBIT C****ANNEXATION SERVICE PLAN**

<b>SERVICE</b>	<b>DETAILS OF SERVICE PROVIDED</b>	<b>TIMETABLE</b>
<b>Animal Control</b>	The provisions of animal control services shall be in effect following annexation of the property.	Immediately following annexation
<b>Code Enforcement</b>	The provisions of Code Enforcement services, including the application and enforcement of building, electrical, plumbing, and other related code requirements adopted by the City of Kerrville 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 of Kerrville's Zoning Ordinance.	Immediately following annexation, zoning to be concurrent with annexation
<b>Fire Protection and Suppression</b>	Fire protection and suppression personnel and equipment from the Kerrville Fire Department will be provided to the area as needed.	Immediately following annexation
<b>Fire Prevention</b>	The services of the City of Kerrville Fire Marshall shall be provided to the area.	Immediately following annexation.
<b>Library</b>	Residents of the area, if any, will continue to be entitled to utilize all City of Kerrville Library facilities.	Immediately following annexation.
<b>Parks and Recreation</b>	City of Kerrville Parks and Recreation services will continue to be available to the area residents, if any.	Immediately following annexation
<b>Police Protection</b>	Police protection personnel and equipment shall be provided to the area immediately upon annexation. Police enforcement and protection services shall be provided through regular patrol activities.	Immediately following annexation

SERVICE	DETAILS OF SERVICE PROVIDED	TIMETABLE
<b>Public Services - Street Department</b>	Public streets not maintained by the Texas Department of Transportation within the area shall be maintained by the City of Kerrville.	Immediately following annexation
<b>Sanitation (Refuse Collection)</b>	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
<b>Traffic Engineering</b>	Traffic control devices and street markers shall be installed where deemed necessary by the city street department, except as provided by the Texas Department of Transportation.	Immediately following annexation
<b>Utilities (Water Distribution and Wastewater Collection)</b>	Extension of utilities within the property shall be in accordance with the City of Kerrville's Subdivision Ordinance.	As the property develops

## **Agenda Item:**

5B. Ordinance No. 2017-22, authorizing the issuance of up to \$20,000,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017, approving and authorizing the execution of an escrow agreement, a paying agent/ registrar agreement, a purchase contract and other instruments and procedures related thereto; delegating authority to certain city officials to select outstanding obligations to be refunded and approve all final terms of the bonds; approving an official statement; and calling certain obligations for redemption. (staff)

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

**SUBJECT:** First and Only Reading of an Ordinance No. 2017-22 authorizing the General Obligation Refunding Bonds, Series 2017 (as permitted in Section 1201.028, Texas Government Code).

**FOR AGENDA OF:** November 14, 2017      **DATE SUBMITTED:** November 8, 2017

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

## **EXHIBITS: Ordinance No. 2017-22, Calendar, and Presentation**

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

<b>Expenditure Required:</b>	<b>Current Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$0	\$0	\$0	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OR FINANCE:**

## **SUMMARY STATEMENT**

The City of Kerrville financial advisors at Hilltop Securities recently advised staff to proceed with a contemplated refunding (refinancing) of existing debt now rather than in January 2018 as originally contemplated. As noted in slides 3 and 4 of the attached presentation, this urgency is related to a potential lost opportunity to do advance refunding under the regulations of the contemplated Tax Cut and Jobs Act being deliberated in Congress at this time. As further noted, even if the Act is delayed, it would have an effective date retroactive to December 31, 2017, meaning delaying until January 2018 puts the City of Kerrville at risk.

The attached presentation goes into detail regarding which series of debt the City wishes to refund, and slides 20 and 21 illustrate the projected impact. The request at the November 14<sup>th</sup> council meeting is to authorize a parameter sale by adoption of an Ordinance on first and final reading in order to get the refunding completed before December 31, 2017. While city Charter requires two reading of Ordinances, State Law pre-empts this requirement when it comes to issuance of debt instruments (as noted at the top of slide 28). The City is not issuing any new debt, instead is taking advantage of potential savings due to more competitive interest rates for existing debt.

Colby Eckols, Vice President of First Southwest will present the sale of the General Obligation Refunding Bonds, Series 2017 in the proposed not-to-exceed amount of \$20 million, although the current projected par amount is \$16,940,000. The estimated

refunding includes \$18,630,000 in bonds currently outstanding. The gross saving are projected to be \$939,278 which on a NPV basis are \$1,011,667. This generates approximately 5.43% NPV savings to refunded par. The refunding is expected to be priced on Tuesday, December 5, 2017. This item is a delegation sale and outlines specific parameters that must be achieved in order to be effectuated. The delegation authority is made to the Mayor, City Manager, and/or the Director of Finance. They will determine if the final terms and savings are consistent with the ordinance and appropriate given the market conditions at the time of pricing. If the net present value savings is less than included in the ordinance, there will not be a refunding at this time.

#### **RECOMMENDED ACTION**

Approve ordinance on first and only reading as follows: ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017, APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENTS, A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE CONTRACT AND OTHER INSTRUMENTS AND PROCEDURES RELATED HERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATE; AND CALL CERTAIN OBLIGATIONS FOR REDEMPTION.

**ORDINANCE NO. 2017-22**

---

**ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017*, APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE CONTRACT AND OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION**

---

**DATE OF APPROVAL: NOVEMBER 14, 2017**

## TABLE OF CONTENTS

Recitals .....	1
Section 1. Amount and Purpose of the Bonds; Delegation of Authority to Certain City Officials .....	6
Section 2. Designation, Date, Denominations, Numbers, and Maturities of the Bonds ..	8
Section 3. Interest .....	8
Section 4. Characteristics of the Bonds .....	8
Section 5. Form of Bonds .....	12
Section 6. Interest and Sinking Fund; Tax Levy; Security Interest .....	20
Section 7. Investments .....	21
Section 8. Defeasance of Bonds .....	21
Section 9. Damaged, Mutilated, Lost, Stolen, or Destroyed Bonds .....	23
Section 10. Custody, Approval, and Registration of Bonds; Bond Counsel's Opinion; CUSIP Numbers; and Other Matters .....	23
Section 11. Covenants Regarding Tax Exemption of Interest On the Bonds .....	24
Section 12. Compliance with Rule 15c2-12 .....	26
Section 13. Sale of Bonds .....	30
Section 14. Approval of Official Statement .....	30
Section 15. Approval of Escrow Agreement; Refunding of Refunded Obligations .....	30
Section 16. Redemption of Refunded Obligations .....	30
Section 17. Authority of Officer to Execute Documents and Approve Changes .....	31
Section 18. Ordinance a Contract; Amendments .....	31
Section 19. Interested Parties .....	32
Section 20. Remedies in Event of Default .....	32

Section 21.	Incorporation of Recitals .....	32
Section 22.	Severability .....	32
Section 23.	Effective Date .....	32

**Signatures**

Exhibit A	Form of Approval Certificate
Exhibit B	Form of Certificate Approving Outstanding Obligations Selected for Refunding
Exhibit C	Paying Agent/Registrar Agreement
Exhibit D	Written Procedures Relating to Continuing Compliance with Federal Tax Covenants
Exhibit E	Description of Annual Financial Information
Exhibit F	Form of Escrow Agreement
Exhibit G	Notice of Redemption

ORDINANCE NO. \_\_\_\_\_

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017*, APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE CONTRACT AND OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION

THE STATE OF TEXAS  
COUNTY OF KERR  
CITY OF KERRVILLE

§  
§  
§

*WHEREAS*, the **CITY OF KERRVILLE, TEXAS** (the "City") in Kerr County, Texas, is a political subdivision of the State of Texas operating as a home-rule municipality pursuant to the Texas Local Government Code and its City Charter, which was initially approved by the qualified voters of the City on February 24, 1942, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on May 4, 1999; and

*WHEREAS*, among numerous series of bonds and certificates of obligation of the City which are secured by the full faith and credit of the City and a pledge by the City to levy ad valorem taxes sufficient to pay principal of and interest on such bonds or certificates of obligation as they become due, within the limits permitted by law, there is specifically outstanding the following series of obligations:

*City of Kerrville, Texas General Obligation Refunding Bonds, Series 2007, dated January 1, 2007, maturing on February 15 in the years 2018 - 2022, and currently outstanding in the aggregate principal amount of \$5,670,000 (the "Series 2007 Bonds");*

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2007, dated January 1, 2007, maturing on February 15 in the years 2019, 2021, 2023, 2025, and 2027, and currently outstanding in the aggregate principal amount of \$1,245,000 (the "Series 2007 Certificates");*

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2009, dated January 15, 2009, maturing on February 15 in the years 2018 through 2029, and currently outstanding in the aggregate principal amount of \$6,775,000 (the "Series 2009 Certificates");*

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2010, dated February 1, 2010, maturing on August 15 in the years 2018 through 2020, 2022, 2024, 2026, 2028 and 2030, and currently outstanding in the aggregate principal amount of \$2,080,000 (the "Series 2010 Certificates"); and*

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2011, dated April 15, 2011, maturing on February 15 in the years 2018 through 2030, and currently outstanding in the aggregate principal amount of \$4,515,000 (the "Series 2011 Certificates"); and*

**WHEREAS**, pursuant to the ordinances which authorized the issuance of the outstanding obligations described in the preceding recital, certain maturities of such obligations are subject to redemption at the option of the City, at the redemption price of par plus accrued interest to the date of redemption, on the dates set forth below:

SERIES	MATURITIES SUBJECT TO OPTIONAL REDEMPTION	REDEMPTION DATE
Series 2007 Bonds	All currently outstanding maturities	On and after February 15, 2017
Series 2007 Certificates	All currently outstanding maturities	On and after February 15, 2017
Series 2009 Certificates	2019 - 2029	On and after February 15, 2018
Series 2010 Certificates	2020, 2022, 2024, 2026, 2028, 2030	On and after August 15, 2019
Series 2011 Certificates	2020 - 2030	On and after August 15, 2019

**WHEREAS**, the City now desires to authorize the refunding of all or a portion of the Series 2007 Bonds, the Series 2007 Certificates, the Series 2009 Certificates, the Series 2010 Certificates, and the Series 2011 Certificates that are subject to optional redemption as described in the preceding recital, which are more fully described as follows:

#### **SERIES 2007 BONDS ELIGIBLE TO BE REFUNDED**

MATURITY (FEB. 15)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)	STATED INTEREST RATE (%)	CUSIP NO. (492422)
2018	1,045,000	1,045,000	4.000	HD5
2019	1,090,000	1,090,000	4.000	HE3
2020	1,130,000	1,130,000	4.000	HF0
2021	1,175,000	1,175,000	4.000	HG8
2022	<u>1,230,000</u>	<u>1,230,000</u>	4.000	GS3
Totals	<u>5,670,000</u>	<u>5,670,000</u>	***	***

**SERIES 2007 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	215,000	215,000	4.000	GH7
***	***	***	***	***
2021	225,000	225,000	4.000	GK0
***	***	***	***	***
2023	245,000	245,000	4.100	GM6
***	***	***	***	***
2025	265,000	265,000	4.150	GP9
***	***	***	***	***
2027	<u>295,000</u>	<u>295,000</u>	4.200	GR5
Totals	<u>1,245,000</u>	<u>1,245,000</u>	***	***

**SERIES 2009 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	475,000	475,000	3.000	HS2
2020	485,000	485,000	3.500	HT0
2021	505,000	505,000	3.500	HU7
2022	525,000	525,000	4.000	HV5
2023	545,000	545,000	4.000	HW3
2024	565,000	565,000	4.000	HX1
2025	595,000	595,000	4.000	HY9
2026	615,000	615,000	4.000	HZ6
2027	640,000	640,000	4.000	JA9
2028	670,000	670,000	4.100	JB7
2029	<u>695,000</u>	<u>695,000</u>	4.250	JC5
Totals	<u>6,315,000</u>	<u>6,315,000</u>	***	***

**SERIES 2010 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2020	345,000	345,000	3.500	JN1
***	***	***	***	***
2022	185,000	185,000	3.500	JQ4
***	***	***	***	***
2024	200,000	200,000	3.750	JS0
***	***	***	***	***
2026	215,000	215,000	4.000	JU5
***	***	***	***	***
2028	235,000	235,000	4.100	JW1
***	***	***	***	***
2030	<u>255,000</u>	<u>255,000</u>	4.250	JY7
Totals	<u>1,435,000</u>	<u>1,435,000</u>	***	***

**SERIES 2011 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2020	295,000	295,000	4.000	KR0
2021	305,000	305,000	4.000	KS8
2022	320,000	320,000	4.000	KT6
2023	330,000	330,000	4.000	KU3
2024	345,000	345,000	4.000	KV1
2025	360,000	360,000	4.000	KW9
2026	370,000	370,000	4.000	KX7
2027	385,000	385,000	4.000	KY5
2028	400,000	400,000	4.000	KZ2
2029	420,000	420,000	4.000	LA6
2030	<u>435,000</u>	<u>435,000</u>	4.125	LB4
Totals	<u>3,965,000</u>	<u>3,965,000</u>	***	***

**WHEREAS**, pursuant to the provisions of Section 1207.007(a)(4), Texas Government Code, the City now desires to delegate to a "Designated Officer" (as defined in Section 1(a) below) the authority, individually or collectively, to select the specific maturities and principal amounts of the Series 2007 Bonds, the Series 2007 Certificates, the Series 2009 Certificates, the Series 2010 Certificates, and the Series 2011 Certificates described in the preceding recital to be refunded with proceeds of the bonds authorized pursuant to this Ordinance and effect the sale of such bonds; and

**WHEREAS**, the Series 2007 Bonds, the Series 2007 Certificates, the Series 2009 Certificates, the Series 2010 Certificates, and the Series 2011 Certificates selected by a Designated Officer to be refunded as authorized by Section 1(c) of this Ordinance are hereafter referred to as the "*Refunded Obligations*"; and

**WHEREAS**, Chapter 1207, Texas Government Code, as amended ("*Chapter 1207*"), authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations, or with another trust company or commercial bank that does not act as a depository for the City, in an amount sufficient to provide for the payment and/or redemption of the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

**WHEREAS**, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the City to enter into an escrow agreement with (i) any paying agent for the Refunded Obligations, or (ii) with another trust company or commercial bank that does not act as a depository for the City, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent, trust company, or commercial bank may agree; provided that such deposits may be invested and reinvested in:

- (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States,
- (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council of the City adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and
- (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council of the City adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent,

and all of which must mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or redemption of the Refunded Obligations; and

**WHEREAS**, (i) *U.S. Bank National Association* currently serves as the paying agent for the Series 2007 Bonds, the Series 2007 Certificates and the Series 2009 Certificates, (ii) *Wells Fargo Bank, N.A.*, currently serves as the paying agent for the Series 2010 Certificates, and (iii) *BOKF, NA*, currently serves as the paying agent for the Series 2011 Certificates; and

**WHEREAS**, as permitted by Section 1207.062, Texas Government Code, any of the paying agents identified in the preceding recital, or any other trust company or commercial bank that does not act as a depository for the City, is eligible to serve as the "Escrow Agent" under the "Escrow Agreement" hereinafter authorized pursuant to Section 15 of this Ordinance (which shall constitute an escrow agreement of the kind authorized and permitted by Chapter 1207), and the selection of the Escrow Agent shall be delegated to a Designated Officer and identified in Exhibit A attached hereto; and

**WHEREAS**, the City Council of the City hereby finds and declares a public purpose and deems it advisable and in the best interests of the City to issue a series of bonds (defined in Section 2 hereof as the "**Bonds**"), the proceeds of which will be used to pay costs of issuance and refund the Refunded Obligations in order to restructure a portion of the City's outstanding debt service payment obligations and achieve a net present value debt service savings for the benefit of the taxpayers of the City; provided, however, in no event shall the Bonds be issued unless the City is able to achieve a net present value debt service savings of at least 3.50% of the principal of the Refunded Obligations; and

**WHEREAS**, the Bonds hereinafter authorized and designated are to be issued and delivered pursuant to Chapter 1207; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE:**

**SECTION 1. AMOUNT AND PURPOSE OF THE BONDS; DELEGATION OF AUTHORITY TO CERTAIN CITY OFFICIALS.**

(a) *Authorization to Issue General Obligation Refunding Bonds.* General obligation bonds of the City are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Mayor, the City Manager, the Deputy City Manager, and/or the Director of Finance of the City (each a "**Designated Officer**") pursuant to the provisions of Section 1(b) of this Ordinance **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS, AND TO PAY FOR COSTS OF ISSUANCE.**

*(b) Delegation of Final Terms.* As authorized by Section 1207.007, Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the City authorized to act on behalf of the City to effect the sale of the Bonds and to establish the terms and details related to the issuance and sale of the Bonds including the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$20,000,000 in aggregate principal amount), the price at which the Bonds will be sold (but in no event shall the Bonds be sold at a price which would result in a net present value savings of less than 3.50% of the principal amount of the Refunded Obligations), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *August 15, 2030*, the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost rate for all of the Bonds of 3.50% per annum), the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to any mandatory sinking fund redemption provisions for any maturity, and all other matters relating to the issuance, sale and delivery of the Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the City, is further authorized to (i) complete and attach Exhibit A of this Ordinance, and (ii) revise and complete the FORM OF BOND set forth in Section 5 of this Ordinance, with the final terms of the Bonds approved pursuant to the authority granted herein, and to enter into, execute and carry out an agreement to purchase the Bonds (the "**Purchase Contract**") with one or more investment banking firms serving as the underwriters for the Bonds (which firms shall be determined by a Designated Officer and named in Exhibit A of this Ordinance).

*(c) Delegation of Authority to Select Obligations for Refunding.* As authorized by Section 1207.007(a)(4), Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the Issuer, is hereby authorized to select all or any portion of:

- (i) the Series 2007 Bonds maturing on and after February 15, 2018,
- (ii) the Series 2007 Certificates maturing on and after February 15, 2018,
- (iii) the Series 2009 Certificates maturing on and after February 15, 2019,
- (iv) the Series 2010 Certificates maturing on and after August 15, 2020, and/or
- (v) the Series 2011 Certificates maturing on and after August 15, 2020,

to be refunded with proceeds of the Bonds and to evidence the selection of such Series 2007 Bonds, Series 2007 Certificates, Series 2009 Certificates, Series 2010 Certificates, and Series 2011 Certificates by executing and attaching to this Ordinance as Exhibit B a certificate describing the maturities and the principal amount of such maturities of the Series 2007 Bonds, Series 2007 Certificates, Series 2009 Certificates, Series 2010 Certificates, and Series 2011 Certificates to be refunded with the proceeds of the Bonds.

*(d) Determination Required by Section 1201.022(a)(3), Texas Government Code.* In satisfaction of Section 1201.022(a)(3), Texas Government Code, the City Council hereby determines that the delegation of the authority to each Designated Officer to approve the final terms of the Bonds set forth in this Ordinance is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit A will be, in the City's best interests, and each

Designated Officer is hereby authorized to make and include in Exhibit A an appropriate finding to that effect.

(e) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to Sections 1(b) - (d) above shall expire on May 14, 2018.

**SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS.** Each Bond issued pursuant to this Ordinance shall be designated **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 2017**, and initially there shall be issued, sold and delivered hereunder one fully registered bond, numbered T-1 (the "**Initial Bond**"), without interest coupons, dated as of the date determined by a Designated Officer and set forth in Exhibit A, and payable on the dates and in the principal amounts determined by a Designated Officer and set forth in Exhibit A, with Bonds issued and delivered in substitution for the Initial Bond being in the denomination of \$5,000 or any integral multiple thereof, being numbered consecutively from R-1 upward, and being payable to the initial registered owner designated in Section 13 hereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (the "**Registered Owner**").

**SECTION 3. INTEREST.** The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Ordinance to their respective dates of maturity at the rates per annum determined by a Designated Officer as set forth in Exhibit A attached hereto. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BONDS set forth in this Ordinance.

#### **SECTION 4. CHARACTERISTICS OF THE BONDS.**

(a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office a financial institution approved by a Designated Officer to serve as the paying agent/registrar for the Bonds (the "**Paying Agent/Registrar**"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as Exhibit C is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor and City Secretary of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books

during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BONDS set forth in this Ordinance. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BONDS set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Sections 1201.061 through 1201.067 of the Public Securities Code, Chapter 1201, Texas Government Code, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/ Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be transferred and assigned, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BONDS set forth in this Ordinance. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BONDS. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set

forth in the FORM OF BONDS below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System for Bonds. The Bonds issued in exchange for the Bonds initially issued to the purchaser specified in Section 13 herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a

registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the Ordinance of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

(h) DTC Letter of Representation. The officers of the City are herein authorized for and on behalf of the City and as officers of the City to enter into one or more Letters of Representation, if necessary, with DTC establishing the book-entry only system with respect to the Bonds.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds and, payable in stated installments to the initial registered owner named in Section 13 of this Ordinance or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and the City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Bonds, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial registered owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

**SECTION 5. FORM OF BONDS.** The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to be attached only to the Bonds initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

*[The remainder of this page intentionally left blank.]*

FORM OF BOND

R-\_\_

Principal Amount  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF KERR  
CITY OF KERRVILLE, TEXAS  
GENERAL OBLIGATION REFUNDING BOND, SERIES 2017**

<u>INTEREST RATE</u>	<u>DATE OF SERIES</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
_____ %	_____, 2017	August 15, 20__	492422 __

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:** \_\_\_\_\_ **DOLLARS**

**ON THE MATURITY DATE** specified above, the **CITY OF KERRVILLE, TEXAS** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Principal Amount set forth above, and to pay interest thereon from [\_\_\_\_\_, 2017] OR [the date of initial delivery of the Bonds of this Series as set forth in the records of the Paying Agent/Registrar (as described and defined below)], at the Interest Rate per annum specified above, on [February] 15, 2018, and semiannually on each February 15 and August 15 thereafter to the Maturity Date specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

**THE PRINCIPAL OF AND INTEREST ON THIS BOND** are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity at the designated corporate trust or commercial banking office of \_\_\_\_\_, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment

date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of the Bonds (the "**Bond Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The City covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

**IF THE DATE FOR ANY PAYMENT DUE** on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

**THIS BOND IS ONE OF A SERIES OF BONDS** dated as of \_\_\_\_\_, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ \_\_\_\_\_ **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE CITY'S GENERAL OBLIGATION INDEBTEDNESS AND TO PAY FOR COSTS OF ISSUANCE.**

**ON AUGUST 15, 20\_\_\_\_, OR ON ANY DATE THEREAFTER**, the Bonds scheduled to mature on and after August 15, 20\_\_\_\_ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part (provided that a portion of such Bond may be redeemed only in an integral multiple of \$5,000 in principal amount) at the redemption price equal to the principal amount being called for redemption plus unpaid accrued interest. If less than all of such Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot.

**THE BONDS MATURING** on August 15 in the years 20\_\_ and 20\_\_ (collectively, the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20</b>		<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20</b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>	<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
August 15, 20__		August 15, 20__	
August 15, 20__		August 15, 20__	
August 15, 20__ (maturity)		August 15, 20__ (maturity)	

<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20</b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
August 15, 20__	
August 15, 20__	
August 15, 20__ (maturity)	

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

**AT LEAST 30 DAYS PRIOR** to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of

moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Bond Ordinance.

***ALL BONDS OF THIS SERIES*** are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange of a Bond during the period commencing with the close of business on any Record Date immediately preceding

a principal or interest payment date for such Bond and ending with the opening of business on the next following principal or interest payment date.

**WHENEVER THE BENEFICIAL OWNERSHIP** of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

**IN THE EVENT ANY PAYING AGENT/REGISTRAR** for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

**IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED** that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits provided by law.

**THE CITY HAS RESERVED THE RIGHT TO AMEND** the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Bonds.

**BY BECOMING THE REGISTERED OWNER** of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the City.

**IN WITNESS WHEREOF**, the City has caused this Bond to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the City and countersigned with the manual or facsimile signature of the City Secretary of the City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Bond.

(facsimile signature)  
City Secretary, City of Kerrville, Texas

(facsimile signature)  
Mayor [Pro-Tem], City of Kerrville, Texas

(SEAL)

FORM OF REGISTRATION CERTIFICATE OF  
THE COMPTROLLER OF PUBLIC ACCOUNTS:

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_**

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts  
of the State of Texas

*[The remainder of this page intentionally left blank]*

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

\_\_\_\_\_  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

**FORM OF ASSIGNMENT:**

**ASSIGNMENT**

**FOR VALUE RECEIVED**, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

\_\_\_\_\_  
(Assignee's Social Security or \_\_\_\_\_ (Print or typewrite Assignee's name and address, including zip code)  
Taxpayer Identification)

and hereby irrevocably constitutes and appoints \_\_\_\_\_  
attorney to register the transfer of the within Bond on the books kept for registration thereof, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by  
a member firm of the New York Stock  
Exchange or a commercial bank or trust  
company.

NOTICE: The signature above must  
correspond with the name of the Registered  
Owner as it appears upon the front of this  
Bond in every particular, without alteration or  
enlargement or any change whatsoever.

## INITIAL BOND INSERTIONS

The Initial Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. \_\_\_\_\_" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

***"ON THE RESPECTIVE MATURITY DATES*** specified below, the ***CITY OF KERRVILLE, TEXAS*** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from [December \_\_, 2017] OR [the date of initial delivery of the Bonds of this Series as set forth in the records of the Paying Agent/Registrar (as described and defined below)], at the respective Interest Rates per annum specified below, payable on February 15, 2018, and semiannually on each February 15 and August 15 thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

<b><u>MATURITY DATE</u></b> <b><u>(AUGUST 15)</u></b>	<b><u>PRINCIPAL</u></b> <b><u>INSTALLMENT (\$)</u></b>	<b><u>INTEREST</u></b> <b><u>RATE (%)</u></b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

*[Insert information from Exhibit A]*

- (C) The Initial Bond shall be numbered "T-1."

## SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST.

(a) *Interest and Sinking Fund; Tax Levy.* A special "***Interest and Sinking Fund***" is hereby created and shall be established and maintained by the City at an official depository bank of the City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and the principal of said Bonds. Immediately after the issuance and delivery of the Bonds, all accrued interest on the Bonds, together with any premium on the Bonds that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, shall be deposited to the credit of the Interest and Sinking Fund. In addition, all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. For each fiscal year while any of the Bonds or interest thereon are

outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund created by this Ordinance. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 7. INVESTMENTS.** Funds on deposit in the Interest and Sinking Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date on which such funds will be needed. Income and profits from such investments shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

## **SECTION 8. DEFEASANCE OF BONDS.**

(a) Defeasance. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "**Defeased Bond**") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the

"*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) *Investment of Funds in Defeasance Securities.* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) *Definition of Defeasance Securities.* The term "**Defeasance Securities**" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds.

(d) *Duties of Paying Agent/Registrar.* Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) *Selection of Certificates of Obligation to be Defeased.* In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

## **SECTION 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.**

(a) *Replacement Bonds.* In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) *Application for Replacement Bonds.* Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) *No Default Occurred.* Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) *Charge for Issuing Replacement Bonds.* Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) *Authority for Issuing Replacement Bonds.* In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

## **SECTION 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND OTHER MATTERS.** The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas,

and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City) and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

## **SECTION 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.**

(a) *Covenants.* The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of three years or less or, in the case of a refunding bond, for a period of thirty days or less, until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "**Rebate Fund**" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the

opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager, the Deputy City Manager, and the Director of Finance of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the projects financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit D as the City's written procedures.

## SECTION 12. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Rule**" means SEC Rule 15c2-12, as amended from time to time.

"**SEC**" means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2017, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance being the information described in Exhibit E hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit E hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;

5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

(iii) The City shall notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

*(d) Limitations, Disclaimers, and Amendments.* The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 11 of this Ordinance that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 13. SALE OF BONDS.** The Bonds are hereby authorized to be sold and shall be delivered to the Senior Managing Underwriter approved by a Designated Officer and identified in Exhibit A attached hereto, as representative of the underwriters (collectively, the "**Underwriters**") of the Bonds at a price determined by a Designated Officer as set forth in Exhibit A attached hereto, and pursuant to the terms and provisions of a Purchase Contract in the form approved by a Designated Officer, which each Designated Officer is hereby authorized and directed to execute and deliver. The City will initially deliver to the Underwriters the Initial Bond described in Section 2 hereof, which shall be registered in the name set forth in Exhibit A attached hereto.

**SECTION 14. APPROVAL OF OFFICIAL STATEMENT.** The City hereby authorizes the Mayor, the City Manager, the Deputy City Manager, and the Director of Finance of the City to approve the form and content of an Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and to approve the distribution of the Official Statement in the reoffering of the Bonds by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The preparation, distribution and use of a Preliminary Official Statement for the Bonds is also hereby approved.

**SECTION 15. APPROVAL OF ESCROW AGREEMENT; REFUNDING OF REFUNDED OBLIGATIONS.** Concurrently with the initial delivery of the Bonds the City shall deposit an amount from the proceeds from the sale of the Bonds and other available funds of the City, if required, with the financial institution approved by a Designated Officer and identified in Exhibit A attached hereto (the "**Escrow Agent**"), sufficient to provide for the refunding of the Refunded Obligations, all in accordance with Chapter 1207. Attached hereto as Exhibit F is an Escrow Agreement between the City and the Escrow Agent, which is hereby approved in substantially final form, and the Mayor or Mayor Pro-Tem and City Secretary of the City are hereby authorized, for and on behalf of the City, to approve any changes in the Escrow Agreement from the form attached hereto and to execute the Escrow Agreement in final form.

**SECTION 16. REDEMPTION OF REFUNDED OBLIGATIONS.** There is attached to this Ordinance as Exhibit G-1, Exhibit G-2, Exhibit G-3, Exhibit G-4, and Exhibit G-5 and made a part hereof for all purposes, a respective *NOTICE OF DEFEASANCE AND REDEMPTION* for each series of the Refunded Obligations. (Each Designated Officer and the City Secretary are authorized to substitute a revised Exhibit G-1, Exhibit G-2, Exhibit G-3, Exhibit G-4, and/or Exhibit G-5 to reflect the actual maturities and principal amount of such maturities of the Refunded Obligations that are selected by a Designated Officer to be refunded.) The City hereby exercises its option to redeem prior to maturity the Refunded Obligations described in each respective *NOTICE OF DEFEASANCE AND REDEMPTION*, and the respective Refunded Obligations are hereby called for redemption, and shall be redeemed, prior to maturity, on the date, at the place, and at the price set forth therein.

As soon as practicable after the delivery of the Bonds, and in no event less than 30 days prior to the date set for redemption, a copy of the respective *NOTICE OF DEFEASANCE AND REDEMPTION* shall be sent to all registered owners of the related Refunded Obligations by first class mail postage prepaid, addressed to such registered owners at their respective addresses shown on the registration books of the paying agent/registrar for such Refunded Obligations. In addition, as soon as practicable after the issuance and delivery of the Bonds, a copy of each *NOTICE OF*

*DEFEASANCE AND REDEMPTION* shall be filed with the MSRB through EMMA in order to comply with the City's requirements under the Rule to provide notice of the occurrence of certain material events.

**SECTION 17. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The Mayor, Mayor Pro-Tem, City Secretary, City Manager, the Deputy City Manager, and Director of Finance of the City shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds, the Official Statement, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro-Tem, City Secretary, City Manager, Deputy City Manager, Director of Finance, City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Director of Finance of the City is further authorized to pay to the Attorney General of Texas prior to the delivery of the Bonds, for the Attorney General's review of the transcript of proceedings related to the Bonds, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

**SECTION 18. ORDINANCE A CONTRACT; AMENDMENTS.** This Ordinance shall constitute a contract with the registered owners of the Bonds, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Bond remains outstanding except as permitted in this Section. The City may, without the consent of or notice to any registered owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the registered owners. The City may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Bond over any other Bond, (ii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the registered owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing

executed by the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 19. INTERESTED PARTIES.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Bonds.

**SECTION 20. REMEDIES IN EVENT OF DEFAULT.** In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

**SECTION 21. INCORPORATION OF RECITALS.** The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

**SECTION 22. SEVERABILITY.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 23. EFFECTIVE DATE.** Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE,  
TEXAS AT A REGULAR MEETING HELD ON THE 14<sup>TH</sup> DAY OF NOVEMBER, 2017, AT  
WHICH MEETING A QUORUM WAS PRESENT.**

---

Mayor, City of Kerrville, Texas

ATTEST:

---

City Secretary  
City of Kerrville, Texas

(City Seal)

\*\*      \*\*      \*\*      \*\*      \*\*

Execution Page to the Ordinance Authorizing the Issuance of  
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017

## EXHIBIT A

### **FORM OF APPROVAL CERTIFICATE**

#### **CERTIFICATE APPROVING THE FINAL TERMS OF THE BONDS**

I, the \_\_\_\_\_ of the **CITY OF KERRVILLE, TEXAS** (the "*City*"), pursuant to authority granted by the provisions of Section 1207.007, Texas Government Code, and by the City Council of the City in Section 1(b) of an ordinance approved by the City Council on November 14, 2017, relating to the issuance of the Bonds defined below (the "*Ordinance*"), hereby certify as follows:

1. **GENERAL**. This Certificate is given in connection with the issuance by the City of the **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017** (the "*Bonds*") which, pursuant to the *Ordinance*, have been authorized by the City Council.

2. **DEFINITIONS**. All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the *Ordinance*.

3. **DATED DATE AND AGGREGATE PRINCIPAL AMOUNT**. The Bonds shall be dated December \_\_, 2017, and shall be issued in the aggregate principal amount of \$\_\_\_\_\_.

4. **PRINCIPAL AMOUNTS AND INTEREST RATES**. The Bonds shall (i) mature on *August 15* in each of the years and in the respective principal amounts, and (ii) bear interest from the date of initial delivery of the Bonds to their respective date of maturity at the respective interest rates, all as set forth below:

#### **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

<b>MATURITY DATE (8/15)</b>	<b>PRINCIPAL AMOUNT (\$)</b>	<b>INTEREST RATE (%)</b>	<b>MATURITY DATE (8/15)</b>	<b>PRINCIPAL AMOUNT (\$)</b>	<b>INTEREST RATE (%)</b>
2018			2025		
2019			2026		
2020			2027		
2021			2028		
2022			2029		
2023			2030		
2024					

5. **INTEREST ON BONDS**. As provided in Section 4 of the *Ordinance* and in the **FORM OF BONDS** contained in Section 5 of the *Ordinance*, interest on the Bonds shall be payable on each February 15 and August 15, commencing on February 15, 2018, until stated maturity or redemption.

6. **TRUE INTEREST COST RATE.** The true interest cost rate for the Bonds is \_\_\_\_\_% per annum, which rate is less than the maximum true interest cost rate of 3.50% approved by the City Council in the Ordinance.

7. **OPTIONAL REDEMPTION.** The Bonds maturing on and after August 15, 20\_\_\_\_, may be redeemed prior to their scheduled maturities, at the option of the City on August 15, 20\_\_\_\_, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

8. **MANDATORY SINKING FUND REDEMPTION.** The Bonds maturing on August 15 in the years 20\_\_\_\_, 20\_\_\_\_, and 20\_\_\_\_ (collectively, the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING AUGUST 15, 20____		TERM BONDS MATURING AUGUST 15, 20____	
Redemption Date	REDEMPTION AMOUNT (\$)	REDEMPTION DATE	REDEMPTION AMOUNT (\$)
August 15, 20____	_____	August 15, 20____	_____
August 15, 20____	_____	August 15, 20____	_____
August 15, 20____*	_____	August 15, 20____*	_____

TERM BONDS MATURING AUGUST 15, 20____	
REDEMPTION DATE	REDEMPTION AMOUNT (\$)
August 15, 20____	_____
August 15, 20____	_____
August 15, 20____*	_____

9. **UNDERWRITERS AND PURCHASE PRICE.** The following firms have been selected to serve as the "Underwriters" of the Bonds:

\_\_\_\_\_  
("Senior Managing Underwriter")

The Bonds shall be sold to the Underwriters and purchased at a price equal to \$\_\_\_\_\_ (which amount is equal to par, plus original issue premium on the Bonds of \$\_\_\_\_\_, less Underwriters' discount of \$\_\_\_\_\_), [and no accrued interest] [plus accrued interest from December \_\_\_, 2017 to the date initial delivery of the Bonds]. The Initial Bond shall be registered in the name of \_\_\_\_\_.

10. **SELECTION OF PAYING AGENT/REGISTRAR AND ESCROW AGENT.**

\_\_\_\_\_, which is [the paying/agent registrar for a portion of the Refunded Obligations] OR [a trust company or commercial bank that does not act as a depository for the City] is hereby approved to serve as (i) the Paying Agent/Registrar for the Bonds under the Paying Agent/Registrar Agreement approved by the City Council in Section 4 of the Ordinance, and (ii) the Escrow Agent under the Escrow Agreement approved by the City Council in Section 15 of the Ordinance.

11. **DETERMINATION OF DEBT SERVICE SAVINGS.** Pursuant to the Ordinance, the City Council authorized the issuance of the Bonds "*in order to restructure a portion of the City's outstanding debt service payment obligations and achieve a net present value debt service savings for the benefit of the taxpayers of the City; provided, however, in no event shall the Bonds be issued unless the City is able to achieve a net present value debt service savings of at least 3.50% of the principal of the Refunded Obligations.*" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds will result in a net present value debt service savings of \$\_\_\_\_\_ (\_\_\_\_\_ % of the principal amount of the Refunded Obligations).

12. **DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE.** In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 1(d) of the Ordinance, and upon consultation with the City's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the City's best interests.

*[The remainder of this page intentionally left blank]*

**APPROVED BY THE \_\_\_\_\_ OF THE CITY OF KERRVILLE,  
TEXAS ON THE \_\_\_\_\_ DAY OF DECEMBER, 2017 IN ACCORDANCE WITH SECTION 1(B)  
OF THE ORDINANCE.**

---

---

City of Kerrville, Texas

Signature Page to Certificate Approving Final Terms of the  
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017

**EXHIBIT B**

**FORM OF CERTIFICATE APPROVING  
OUTSTANDING OBLIGATIONS SELECTED FOR REFUNDING**

**CERTIFICATE APPROVING  
OUTSTANDING OBLIGATIONS SELECTED FOR REFUNDING**

I, the \_\_\_\_\_ of the **CITY OF KERRVILLE, TEXAS** (the "City"), pursuant to authority granted by the provisions of Section 1207.007(a)(4), Texas Government Code, and by the City Council of the City in Section 1(c) of an ordinance approved by the City Council of the City on November 14, 2017, relating to the issuance of the Bonds defined below (the "Ordinance"), hereby certify as follows:

1. This Certificate is given in connection with the issuance by the City of the **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017** (the "Bonds") which, pursuant to the Ordinance, have been authorized by the City Council.

2. All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Ordinance.

3. Pursuant to Section 1(c) of the Ordinance, the City Council authorized the undersigned, as the \_\_\_\_\_ of the City, to select all or a portion of the following outstanding obligations of the City:

- (i) the Series 2007 Bonds maturing on and after February 15, 2018,
- (ii) the Series 2007 Certificates maturing on and after February 15, 2018,
- (iii) the Series 2009 Certificates maturing on and after February 15, 2019,
- (iv) the Series 2010 Certificates maturing on and after August 15, 2020, and/or
- (v) the Series 2011 Certificates maturing on and after August 15, 2020,

to be refunded with proceeds of the Bonds. In accordance with such authority, and after consulting with the City's financial advisors, I hereby determine and approve the following Series 2007 Bonds, Series 2007 Certificates, Series 2009 Certificates, Series 2010 Certificates, and Series 2011 Certificates to be refunded with proceeds of the Bonds, which are described as follows:

*[The remainder of this page intentionally left blank]*

**SERIES 2007 BONDS TO BE REFUNDED**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2018	1,045,000	1,045,000	4.000	HD5
2019	1,090,000	1,090,000	4.000	HE3
2020	1,130,000	1,130,000	4.000	HF0
2021	1,175,000	1,175,000	4.000	HG8
2022	<u>1,230,000</u>	<u>1,230,000</u>	4.000	GS3
Totals	<u>5,670,000</u>	<u>5,670,000</u>	***	***

**SERIES 2007 CERTIFICATES TO BE REFUNDED**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	215,000	215,000	4.000	GH7
***	***	***	***	***
2021	225,000	225,000	4.000	GK0
***	***	***	***	***
2023	245,000	245,000	4.100	GM6
***	***	***	***	***
2025	265,000	265,000	4.150	GP9
***	***	***	***	***
2027	<u>295,000</u>	<u>295,000</u>	4.200	GR5
Totals	<u>1,245,000</u>	<u>1,245,000</u>	***	***

[The remainder of this page intentionally left blank]

**SERIES 2009 CERTIFICATES TO BE REFUNDED**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	475,000	475,000	3.000	HS2
2020	485,000	485,000	3.500	HT0
2021	505,000	505,000	3.500	HU7
2022	525,000	525,000	4.000	HV5
2023	545,000	545,000	4.000	HW3
2024	565,000	565,000	4.000	HX1
2025	595,000	595,000	4.000	HY9
2026	615,000	615,000	4.000	HZ6
2027	640,000	640,000	4.000	JA9
2028	670,000	670,000	4.100	JB7
2029	<u>695,000</u>	<u>695,000</u>	4.250	JC5
Totals	<u>6,315,000</u>	<u>6,315,000</u>	***	***

**SERIES 2010 CERTIFICATES TO BE REFUNDED**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2020	345,000	345,000	3.500	JN1
***	***	***	***	***
2022	185,000	185,000	3.500	JQ4
***	***	***	***	***
2024	200,000	200,000	3.750	JS0
***	***	***	***	***
2026	215,000	215,000	4.000	JU5
***	***	***	***	***
2028	235,000	235,000	4.100	JW1
***	***	***	***	***
2030	<u>255,000</u>	<u>255,000</u>	4.250	JY7
Totals	<u>1,435,000</u>	<u>1,435,000</u>	***	***

**SERIES 2011 CERTIFICATES TO BE REFUNDED**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2020	295,000	295,000	4.000	KR0
2021	305,000	305,000	4.000	KS8
2022	320,000	320,000	4.000	KT6
2023	330,000	330,000	4.000	KU3
2024	345,000	345,000	4.000	KV1
2025	360,000	360,000	4.000	KW9
2026	370,000	370,000	4.000	KX7
2027	385,000	385,000	4.000	KY5
2028	400,000	400,000	4.000	KZ2
2029	420,000	420,000	4.000	LA6
2030	<u>435,000</u>	<u>435,000</u>	4.125	LB4
Totals	<u>3,965,000</u>	<u>3,965,000</u>	***	***

[The remainder of this page intentionally left blank]

APPROVED BY THE \_\_\_\_\_ OF THE CITY OF KERRVILLE, TEXAS ON THE  
\_\_\_\_ DAY OF DECEMBER, 2017, IN ACCORDANCE WITH SECTION 1(c) OF THE ORDINANCE.

---

City of Kerrville, Texas

**Signature Page to  
Certificate Approving Outstanding Obligations Selected for Refunding**

**EXHIBIT C**

**FORM OF PAYING AGENT REGISTRAR AGREEMENT**

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS ELSEWHERE IN THIS TRANSCRIPT OF PROCEEDINGS

## EXHIBIT D

### **WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS**

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the City's Director of Finance (the "**Responsible Person**") will:

- (i) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (ii) monitor the actions of the Escrow Agent to ensure compliance with the applicable provisions of the Escrow Agreement, including with respect to reinvestment of cash balances;
- (iii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (iv) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the date of delivery of the Bonds (the "**Issue Date**"), and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);

- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Bonds are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

## **EXHIBIT E**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 12 of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual audited financial statements of the City or the unaudited financial statements of the City in the event audited financial statements are not completed within six months after the end of any fiscal year.
2. All quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables \_\_ through \_\_ and \_\_ through \_\_ thereof.

#### **Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

**EXHIBIT F**

**FORM OF ESCROW AGREEMENT**

THE ESCROW AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS ELSEWHERE IN  
THIS TRANSCRIPT OF PROCEEDINGS

## Refunding Considerations Summary

---

- While the timing for this process is more compressed than it would have been under other circumstances, the repeal of the advanced refunding authority in the recently released Tax Cuts and Job Act has accelerated the proposed timing for City Council consideration
- Given the current interest rate environment and the currently outstanding debt service structure for the City, we project the City could realize savings through a combination of current and advanced refundings of certain series of bonds
- The proposed savings structures are targeted to take into consideration the currently outstanding tax supported and utility supported debt service to potentially achieve a more optimized debt service structure
- We appreciate having the opportunity to serve the City of Kerrville as financial advisor and would enjoy having the opportunity to work with and assist the City in achieving debt service savings with this refunding

## EXHIBIT G-1

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2007**  
(Maturing on and after February 15, 2019)

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "City"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of the City's outstanding **GENERAL OBLIGATION REFUNDING BONDS, SERIES 2007**, dated January 1, 2007, maturing on and after February 15, 2018 (the "Refunded Obligations"), as further described below:

**CITY OF KERRVILLE, TEXAS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2007**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2018	1,045,000	1,045,000	4.000	HD5
2019	1,090,000	1,090,000	4.000	HE3
2020	1,130,000	1,130,000	4.000	HF0
2021	1,175,000	1,175,000	4.000	HG8
2022	<u>1,230,000</u>	<u>1,230,000</u>	4.000	GS3

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on \_\_\_\_\_, 2018 (the "Redemption Date") *at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date*. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN THAT the Refunded Obligations will be payable at and should be submitted either in person or by certified mail to the following address:

**First Class/Registered/Certified Mail:**

U.S. Bank Corporate Trust Services  
Attn: Original Issuances  
P.O. Box 64111  
St. Paul, MN 55164-0111

**By Overnight Courier or Hand Delivery:**

U.S. Bank Corporate Trust Services  
Attn: Original Issuances, 2nd floor  
60 Livingston Ave.  
St. Paul, MN 55107

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

## EXHIBIT G-2

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007**  
(Maturing on and after February 15, 2019)

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "City"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of the City's outstanding **COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007**, dated January 1, 2007, maturing on and after February 15, 2019 (the "Refunded Obligations"), as further described below:

**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	215,000	215,000	4.000	GH7
***	***	***	***	***
2021	225,000	225,000	4.000	GK0
***	***	***	***	***
2023	245,000	245,000	4.100	GM6
***	***	***	***	***
2025	265,000	265,000	4.150	GP9
***	***	***	***	***
2027	<u>295,000</u>	<u>295,000</u>	4.200	GR5

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on \_\_\_\_\_, 2018 (the "Redemption Date") at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN THAT the Refunded Obligations will be payable at and should be submitted either in person or by certified mail to the following address:

**First Class/Registered/Certified Mail:**

U.S. Bank Corporate Trust Services  
Attn: Original Issuances  
P.O. Box 64111  
St. Paul, MN 55164-0111

**By Overnight Courier or Hand Delivery:**

U.S. Bank Corporate Trust Services  
Attn: Original Issuances, 2nd floor  
60 Livingston Ave.  
St. Paul, MN 55107

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

## EXHIBIT G-3

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2009**  
**(Maturing on and after February 15, 2019)**

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "City"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of the City's outstanding **COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2009**, dated January 15, 2009, maturing on and after February 15, 2019 (the "Refunded Obligations"), as further described below:

**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2009**

<b>MATURITY (FEB. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2019	475,000	475,000	3.000	HS2
2020	485,000	485,000	3.500	HT0
2021	505,000	505,000	3.500	HU7
2022	525,000	525,000	4.000	HV5
2023	545,000	545,000	4.000	HW3
2024	565,000	565,000	4.000	HX1
2025	595,000	595,000	4.000	HY9
2026	615,000	615,000	4.000	HZ6
2027	640,000	640,000	4.000	JA9
2028	670,000	670,000	4.100	JB7
2029	695,000	695,000	4.250	JC5

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on **February 15, 2018** (the "Redemption Date") at the **Redemption Price equal to 100% of par plus accrued interest to the Redemption Date**. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN THAT the Refunded Obligations will be payable at and should be submitted either in person or by certified mail to the following address:

**First Class/Registered/Certified Mail:**  
U.S. Bank Corporate Trust Services  
Attn: Original Issuances  
P.O. Box 64111  
St. Paul, MN 55164-0111

**By Overnight Courier or Hand Delivery:**  
U.S. Bank Corporate Trust Services  
Attn: Original Issuances, 2nd floor  
60 Livingston Ave.  
St. Paul, MN 55107

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

## EXHIBIT G-4

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**  
(Maturing on and after August 15, 2020)

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "*City*"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of the City's outstanding **COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**, dated February 1, 2010, maturing on and after August 15, 2020 (the "*Refunded Obligations*"), as further described below:

**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2020	345,000	345,000	3.500	JN1
***	***	***	***	***
2022	185,000	185,000	3.500	JQ4
***	***	***	***	***
2024	200,000	200,000	3.750	JS0
***	***	***	***	***
2026	215,000	215,000	4.000	JU5
***	***	***	***	***
2028	235,000	235,000	4.100	JW1
***	***	***	***	***
2030	255,000	255,000	4.250	JY7

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on *August 15, 2019* (the "*Redemption Date*") *at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date*. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN THAT the Refunded Obligations will be payable at and should be submitted either in person or by certified mail to the following address:

**First Class/Registered/Certified Mail:**

Wells Fargo Bank, N.A.  
Corporate Trust Operations  
P.O. Box 1517  
Minneapolis, MN

**By Overnight or Courier:**

Wells Fargo Bank, N.A.  
Corporate Trust Operations  
N9309-121  
6<sup>th</sup> & Marquette Avenue  
Minneapolis, MN

**By Hand:**

Wells Fargo Bank, N.A.  
Northstar East Building  
608 2<sup>nd</sup> Ave, So. 12<sup>th</sup> Floor  
Minneapolis, MN 55479

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

## EXHIBIT G-5

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011**  
**(Maturing on and after August 15, 2020)**

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "*City*"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of the City's outstanding **COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011**, dated April 15, 2011, maturing on and after August 15, 2020 (the "*Refunded Obligations*"), as further described below:

**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011**

<b>MATURITY (AUG. 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP NO. (492422)</b>
2020	295,000	295,000	4.000	KR0
2021	305,000	305,000	4.000	KS8
2022	320,000	320,000	4.000	KT6
2023	330,000	330,000	4.000	KU3
2024	345,000	345,000	4.000	KV1
2025	360,000	360,000	4.000	KW9
2026	370,000	370,000	4.000	KX7
2027	385,000	385,000	4.000	KY5
2028	400,000	400,000	4.000	KZ2
2029	420,000	420,000	4.000	LA6
2030	435,000	435,000	4.125	LB4

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on *August 15, 2019* (the "*Redemption Date*") *at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date*. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN THAT the Refunded Obligations will be payable at and should be submitted either in person or by certified mail to the following address:

Mail and Overnight Delivery Services:

BOKF, NA

Corporate Trust Services

111 Fillmore Ave. E

St. Paul, MN 55107

Bond Holder Communications: 1-866-429-7481

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

**PAYING AGENT/REGISTRAR AGREEMENT**

***THIS PAYING AGENT/REGISTRAR AGREEMENT***, dated as of December \_\_, 2017 (this "Agreement"), by and between the **CITY OF KERRVILLE, TEXAS** (the "Issuer") and \_\_\_\_\_ (the "Bank"), a national banking association duly organized and operating under the laws of the United States of America.

***WHEREAS***, the Issuer has duly authorized and provided for the issuance of its **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017** (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

***WHEREAS***, the Securities are scheduled to be delivered to the initial purchasers thereof on or about December \_\_, 2017; and

***WHEREAS***, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer, and exchange thereof by the registered owners thereof; and

***WHEREAS***, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

***NOW, THEREFORE***, it is mutually agreed as follows:

**ARTICLE ONE**  
**APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

**SECTION 1.01. APPOINTMENT.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Ordinance, a copy of which books and records shall be maintained at the office of the Bank located in the State of Texas or shall be available to be accessed from such office located in the State of Texas.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

**SECTION 1.02. COMPENSATION.** As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## **ARTICLE TWO DEFINITIONS**

**SECTION 2.01. DEFINITIONS.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

**"Bank Office"** means the corporate trust or commercial banking office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

**"Fiscal Year"** means the fiscal year of the Issuer, ending September 30.

**"Holder"** and **"Security Holder"** each means the Person in whose name a Security is registered in the Security Register.

**"Legal Holiday"** means a day on which the Bank is required or authorized to be closed.

**"Ordinance"** means the resolutions, orders or ordinances of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

**"Person"** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

**"Predecessor Securities"** of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

**"Redemption Date"** when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

**"Responsible Officer"** when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

**"Security Register"** means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

**"Stated Maturity"** means the date specified in the Ordinance the principal of a Security is scheduled to be due and payable.

**SECTION 2.02. OTHER DEFINITIONS.** The terms "Bank," "Issuer," and "Securities" ("Security") have the meanings assigned to them in the recital paragraphs of this Agreement.

The term **"Paying Agent/Registrar"** refers to the Bank in the performance of the duties and functions of this Agreement.

### **ARTICLE THREE PAYING AGENT**

**SECTION 3.01. DUTIES OF PAYING AGENT.** (a) **Principal Payments.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

(b) **Interest Payments.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

(c) **Federal Tax Information Reporting.** To the extent required by the Code and the Regulations it shall be the duty of the Bank to report to the owners of the Securities and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the

Securities, and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

**SECTION 3.02. PAYMENT DATES**. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinance.

## ARTICLE FOUR REGISTRAR

**SECTION 4.01. SECURITY REGISTER - TRANSFERS AND EXCHANGES**. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "*Security Register*") for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities, and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. If the Bank Office is located outside the State of Texas, a copy of the Security Register shall be kept in the State of Texas. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**SECTION 4.02. SECURITIES**. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

**SECTION 4.03. FORM OF SECURITY REGISTER.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**SECTION 4.04. LIST OF SECURITY HOLDERS.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

**SECTION 4.05. RETURN OF CANCELLED SECURITIES.** The Bank will, at such reasonable intervals as it determines, surrender Securities to the Issuer in lieu of which or in exchange for which other Securities have been issued, or which have been paid, or will provide a certificate of destruction relating thereto.

**SECTION 4.06. MUTILATED, DESTROYED, LOST, OR STOLEN SECURITIES.** The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an over issuance.

In case any Security shall be mutilated, or destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost, or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss, or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost, or stolen.

**SECTION 4.07. TRANSACTION INFORMATION TO ISSUER.** The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## **ARTICLE FIVE THE BANK**

**SECTION 5.01. DUTIES OF BANK.** The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's financial advisor, bond counsel or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the financial advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**SECTION 5.02. RELIANCE ON DOCUMENTS, ETC.** (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**SECTION 5.03. RECITALS OF ISSUER.** The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**SECTION 5.04. MAY HOLD SECURITIES.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**SECTION 5.05. MONEY HELD BY BANK.** The Bank shall deposit any moneys received from the Issuer into an account to be held in a fiduciary capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Property Code or inactive under Chapter 73 of the Property Code.

**SECTION 5.06. INDEMNIFICATION.** To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**SECTION 5.07. INTERPLEADER.** The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the County in the State of Texas where either the Bank maintains an office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction located in the State of Texas to determine the rights of any Person claiming any interest herein.

**SECTION 5.08. DEPOSITORY TRUST COMPANY SERVICES.** It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective from time to time, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

**SECTION 5.09. REPRESENTATION REGARDING NOT BOYCOTTING ISRAEL.** The Bank represents and warrants, for purposes of Chapter 2270 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Bank, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Bank (a "*Related Entity*"), boycotts Israel. The Bank agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Bank nor any Related Entity will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this Section means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business.

## ARTICLE SIX MISCELLANEOUS PROVISIONS

**SECTION 6.01. AMENDMENT.** This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**SECTION 6.02. ASSIGNMENT.** This Agreement may not be assigned by either party without the prior written consent of the other.

**SECTION 6.03. NOTICES.** Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**SECTION 6.04. EFFECT OF HEADINGS.** The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**SECTION 6.05. SUCCESSORS AND ASSIGNS; MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION.** All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor to the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Security shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Security so registered with the same effect as if such successor Bank had itself registered such Security.

**SECTION 6.06. SEVERABILITY.** In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 6.07. BENEFITS OF AGREEMENT.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**SECTION 6.08. ENTIRE AGREEMENT.** This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

**SECTION 6.09. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**SECTION 6.10. TERMINATION.** This Agreement will terminate on the date of final payment of the principal of and interest on the Securities to the Holders thereof or may be earlier terminated by either party upon 60 days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted, and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day

notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

**SECTION 6.11. GOVERNING LAW.** This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

*[The remainder of this page intentionally left blank]*

(  
**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:

Attest:

\_\_\_\_\_  
Title: \_\_\_\_\_

(  
**CITY OF KERRVILLE, TEXAS**

By: \_\_\_\_\_  
Title: Mayor

Address: 701 Main Street  
Kerrville, Texas 78028

Attest:

\_\_\_\_\_  
Title: City Secretary

Signature Page to Paying Agent/Registrar Agreement Relating to  
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017

**SCHEDULE A**

**PAYING AGENT/REGISTRAR FEE SCHEDULE**

(See attached)

**ESCROW AGREEMENT**

Relating to the Refunding of

---

**CITY OF KERRVILLE, TEXAS**

**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2007**

(All of the Bonds maturing on and after February 15, 2018)

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007**

(All of the Certificates maturing on and after February 15, 2018)

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2009**

(All of the Certificates maturing on and after February 15, 2019)

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**

(All of the Certificates maturing on and after August 15, 2020)

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011**

(All of the Certificates maturing on and after August 15, 2020)

---

**THIS ESCROW AGREEMENT**, dated as of December \_\_, 2017 (herein, together with any amendments or supplements hereto, called this "*Agreement*") is entered into by and between the **CITY OF KERRVILLE, TEXAS** (herein called the "*Issuer*") and \_\_\_\_\_, as escrow agent (herein, together with any successor in such capacity, called the "*Escrow Agent*"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

W I T N E S S E T H:

**WHEREAS**, the Issuer heretofore issued and there presently remain outstanding the obligations (collectively, the "*Refunded Obligations*") described in the verification report provided by \_\_\_\_\_ (the "*Report*") relating to the Refunded Obligations, attached hereto as Exhibit B and made a part hereof; and

**WHEREAS**, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

**WHEREAS**, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

**WHEREAS**, Chapter 1207, Texas Government Code, as amended ("*Chapter 1207*"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations, or with another trust company or commercial bank that does not act as a depository for the Issuer, in an amount sufficient to provide for the payment and/or redemption of the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

**WHEREAS**, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the Issuer to enter into an escrow agreement with (i) any paying agent for the Refunded Obligations, or (ii) another trust company or commercial bank that does not act as a depository for the Issuer and is named in the proceedings authorizing such escrow agreement, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent, trust company or commercial bank may agree; provided that such deposits may be invested and reinvested in direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States, which mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or redemption of the Refunded Obligations; and

**WHEREAS**, the Escrow Agent is [the paying agent for the Refunded Obligations] OR [a trust company or commercial bank that does not act as a depository for the Issuer and has been named in the proceedings authorizing this Agreement], and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

**WHEREAS**, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the paying agents for the Refunded Obligations the amounts required to provide for the payment of the principal of, premium, if any, and interest on such Refunded Obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

**WHEREAS**, the **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017** (the "*Refunding Bonds*") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

**WHEREAS**, the Issuer desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase certain direct noncallable obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

**WHEREAS**, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

**WHEREAS**, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATIONS**

**SECTION 1.01. DEFINITIONS.** Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"**Code**" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"**Escrow Fund**" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"**Escrowed Securities**" means the direct noncallable, not pre-payable United States Treasury obligations and obligations the due timely payment of which is unconditionally guaranteed by the United States of America described in the Report or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

**SECTION 1.02. OTHER DEFINITIONS.** The terms "Agreement," "Escrow Agent," "Issuer," "Refunded Obligations," "Refunding Bonds," and "Report," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

**SECTION 1.03. INTERPRETATIONS.** The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth

herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II

### **DEPOSIT OF FUNDS AND ESCROWED SECURITIES**

**SECTION 2.01. DEPOSITS IN THE ESCROW FUND.** Concurrently with the sale and delivery of the Refunding Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III

### **CREATION AND OPERATION OF ESCROW FUND**

**SECTION 3.01. ESCROW FUND.** The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the *City of Kerrville, Texas General Obligation Refunding Bonds, Series 2017 Escrow Fund* (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

**SECTION 3.02. PAYMENT OF PRINCIPAL AND INTEREST.** The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity dates and interest thereon to such maturity dates in the amounts and at the times shown in the Report.

**SECTION 3.03. SUFFICIENCY OF ESCROW FUND.** The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each paying agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be

insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, notice of any such insufficiency shall be given to the Issuer by the Escrow Agent as promptly as practicable as hereinafter provided, but neither the Escrow Agent nor the Issuer shall in any manner be responsible for any insufficiency of funds in the Escrow Fund.

**SECTION 3.04. TRUST FUND.** The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as an Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by any paying agent for the Refunded Obligations.

**SECTION 3.05. SECURITY FOR CASH BALANCES.** Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

## **ARTICLE IV**

### **LIMITATION ON INVESTMENTS**

**SECTION 4.01. GENERAL REINVESTMENT RESTRICTION.** Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

**SECTION 4.02. REINVESTMENT OF CERTAIN CASH BALANCES IN ESCROW BY ESCROW AGENT.** In addition to the Escrowed Securities listed in the Report, if any, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Obligations - State and Local Government Series with an interest rate equal to zero percent (0%) to the extent such Obligations are available from the Department of the Treasury. All such re-investments shall be made only from the portion of cash balances derived from the maturing principal of and interest on Escrowed

Securities that are United States Treasury Certificates of Indebtedness, Notes or Bonds - State and Local Government Series. All such re-investments shall be acquired on and shall mature on the dates shown on the Report.

**SECTION 4.03. SUBSTITUTIONS AND REINVESTMENTS.** At the discretion of the Issuer, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent the following:

- (1) an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable direct obligations of the United States of America), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with the Report, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid, and
- (2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

**SECTION 4.04. SUBSTITUTION FOR ESCROWED SECURITIES.** Concurrently with the initial deposit by the Issuer with the Escrow Agent, but not thereafter, the Issuer, at its option, may substitute cash or non-interest bearing direct noncallable and not pre-payable obligations described in Section 1207.062(b)(1) of Chapter 1207, subject to any restrictions set forth in any order, ordinance or resolution authorizing the issuance of the Refunded Obligations (i.e., obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) (the "*Substitute Obligations*"), for non-interest bearing Escrowed Securities, if any, but only if such Substitute Obligations:

- (a) are in an amount, and/or mature in an amount, which is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted,
- (b) mature on or before the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted, and

- (c) produce the amount necessary to pay the interest on and principal of the Refunded Obligations, as set forth in the Report, as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the Issuer with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the Issuer may, at any time thereafter, substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

**SECTION 4.05. ARBITRAGE.** The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Bonds or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

## **ARTICLE V**

### **APPLICATION OF CASH BALANCES**

**SECTION 5.01. IN GENERAL.** Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

## **ARTICLE VI**

### **RECORDS AND REPORTS**

**SECTION 6.01. RECORDS.** The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

**SECTION 6.02. REPORTS.** While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

The Bank shall have the right to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured

electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the Issuer by an authorized representative of the Issuer who shall provide to the Bank an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bank in its discretion elects to act upon such instructions, the Bank's understanding of such instructions shall be deemed controlling. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

## ARTICLE VII

### **CONCERNING THE PAYING AGENTS AND ESCROW AGENT**

**SECTION 7.01. REPRESENTATIONS.** The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

**SECTION 7.02. LIMITATION ON LIABILITY.** The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any paying agent for the Refunded Obligations shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof [(except as a paying agent for certain of the Refunded Obligations)]. In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

**SECTION 7.03. COMPENSATION.** (a) Concurrently with the sale and delivery of the Refunding Bonds, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$\_\_\_\_\_, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Issuer covenants to timely pay for all future paying agency services of the respective paying agent for the Refunded Obligations in accordance with the paying agent fee schedule now or hereafter in effect through the final payment of the Refunded Obligations. [The Escrow Agent, as the current paying agent for certain of the Refunded Obligations, intends to continue to serve as the paying agent for such Refunded Obligations until fully and retired.] In the event the Issuer fails to pay the paying agent fee relating to the Refunded Obligations when due, the Escrow Agent's sole remedy, as paying agent for the Refunded Obligations, for nonpayment shall

be in accordance with the terms of the paying agent agreement relating to the Refunded Obligations, and no funds held in the Escrow Fund shall be available to pay such paying agent fees.

**SECTION 7.04. SUCCESSOR ESCROW AGENTS.** If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for certain of the Refunded Obligations or otherwise qualified by applicable law to serve as the Escrow Agent hereunder and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its paying agent's fee hereunder.

**SECTION 7.05. REPRESENTATION REGARDING NOT BOYCOTTING ISRAEL.** The Escrow Agent represents and warrants, for purposes of Chapter 2270 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Escrow Agent, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Escrow Agent (a "*Related Entity*"), boycotts Israel. The Escrow Agent agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Escrow Agent nor any Related Entity will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this Section means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**SECTION 8.01. NOTICE.** Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to each of the following rating agencies (but only if such rating agency is maintaining a rating on the Refunded Obligations or the Refunding Bonds at the request of the Issuer): (i) Fitch Ratings, One State Street Plaza, New York, New York 10004, (ii) Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Obligations, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and (iii) Standard & Poor's Ratings Services, Attn: Municipal Bond Department, 55 Water Street, New York, New York 10041.

**SECTION 8.02. TERMINATION OF RESPONSIBILITIES.** Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

**SECTION 8.03. BINDING AGREEMENT.** This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

**SECTION 8.04. SEVERABILITY.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

**SECTION 8.05. TEXAS LAW GOVERNS.** This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

**SECTION 8.06. TIME OF THE ESSENCE.** Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**SECTION 8.07. EFFECTIVE DATE OF AGREEMENT.** This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report and the Escrowed Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

**SECTION 8.08. AMENDMENTS.** This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

*[The remainder of this page intentionally left blank]*

EXECUTED as of the date first written above.

**CITY OF KERRVILLE, TEXAS**

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

\_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**ADDRESSES OF THE ISSUER AND THE ESCROW AGENT**

**ISSUER**

City of Kerrville, Texas  
701 Main Street  
Kerrville, Texas 78028  
Attention: Director of Finance

**ESCROW AGENT**

---

---

---

---

**EXHIBIT B**

**REPORT**

*[The Report is omitted at this point as it appears elsewhere in this Transcript of Proceedings]*



Primary Contacts:

Anne Burger Entrekkin  
*Managing Director*  
anne.burgerentrekin@hilltopsecurities.com  
70 Northeast Loop 410, Suite 710  
San Antonio, Texas 78216  
Direct: 210.308.2200

Colby Eckols  
*Vice President*  
colby.eckols@hilltopsecurities.com  
300 W. Sixth Street, Suite 1940  
Austin, Texas 78701  
Direct: 512.481.2015

Benjamin Bor  
*Associate*  
benjamin.bor@hilltopsecurities.com  
1201 Elm Street, Suite 3500  
Dallas, Texas 75270  
Direct: 214.953.4107



Proposed Advanced Refunding Bond Issue

City of Kerrville, Texas

November 14, 2017

## Executive Summary

---

- FirstSouthwest regularly monitors all of the City of Kerrville's (the "City") outstanding debt for refunding opportunities
- This presentation provides an updated summary of the City's refunding opportunities
- This presentation also includes considerations as a result of the recently released Tax Cuts and Job Act tax plan

CITY OF KERRVILLE, TEXAS



## Tax Cuts and Job Act Tax Plan Considerations

---

## Tax Cuts and Job Acts Tax Plan

---

- We have been working with the City Manager and Finance Staff in reviewing various debt refinancing strategies for the City of Kerrville
- In our last meeting, we discussed bringing this to City Council for review and discussion, and pending approval to move forward, target selling the refunding bonds in January
  - Typically in the first couple of weeks of January, there is a dip in interest rates
- The City has scheduled bond issues during this time with beneficial results
- However, subsequent to our last meeting with Staff, a draft of the Tax Cuts and Jobs Act tax plan has been made public
- As currently drafted, advanced refunding bonds are prohibited after December 31, 2017
  - An advanced refunding bond is a bond issued and delivered to refund outstanding bonds more than 90 days prior to the call date for the refunded bonds
- Even if the legislation is passed after January 1, 2018, this provision of the legislation, as currently written, has an effective date of December 31, 2017

CITY OF KERRVILLE, TEXAS

## Tax Cuts and Job Acts Tax Plan

---

- While the City could still undertake an advanced refunding post January 1, 2018, Bond Counsel would not be able to provide an unqualified opinion as to the tax-exempt status of interest on the bonds
  - Effectively this would significantly impact the interest rate on the refunding bonds and potential investors
- Whether the proposed tax bill will be adopted and in what final form cannot be answered
- To the extent the City would like to pursue the possibility of achieving potential debt service savings through the utilization of a combination of current and advanced refunding bonds, we have recommended to the City Manager accelerating the original timeline to issue bonds and close prior to December 31, 2017

CITY OF KERRVILLE, TEXAS

## Refunding Candidates and Structure Considerations

---



## Potential Refunding Candidates

\$5,970,000 General Obligation Bonds, Series 2007 (Tax Supported) \$5,970,000 General Obligation Bonds, Series 2007 (Utility Supported)

- Original Principal Amount: \$5,970,000
- Callable Principal: \$2,523,000
- Callable Maturities: 2018 - 2022
- Coupons: 4.000%
- Call Date: 2/15/2017 @ Par
- Original Principal Amount: \$5,970,000
- Callable Principal: \$3,147,000
- Callable Maturities: 2018 - 2022
- Coupons: 4.000%
- Call Date: 2/15/2017 @ Par

General Obligation Series 2007 - Tax Supported						General Obligation Series 2007 - Utility Supported					
Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	Call Price	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	Call Price
2/15/2018	4.000%	\$ 465,000	Current	100%	2/15/2018	4.000%	\$ 580,000	Current	100%		
2/15/2019	4.000%	485,000	Current	100%	2/15/2019	4.000%	605,000	Current	100%		
2/15/2020	4.000%	503,000	Current	100%	2/15/2020	4.000%	627,000	Current	100%		
2/15/2021	4.000%	523,000	Current	100%	2/15/2021	4.000%	652,000	Current	100%		
2/15/2022	4.000%	547,000	Current	100%	2/15/2022	4.000%	683,000	Current	100%		
		\$ 2,523,000						\$ 3,147,000			

CITY OF KERRVILLE, TEXAS

## Potential Refunding Candidates

\$2,035,000 Certificates of Obligation, Series 2007 (Tax Supported)

- Original Principal Amount: \$2,035,000
- Callable Principal: \$1,245,000
- Callable Maturities: 2018 - 2027
- Coupons: 4.0000% – 4.2000%
- Call Date: 2/15/2017 @ Par

\$2,035,000 City of Kerrville, Texas Certificates of Obligation Series 2007					
Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
2/15/2018	4.0000%	\$ 105,000	Current	100%	
2/15/2019	4.0000%	110,000	Current	100%	
2/15/2020	4.0000%	110,000	Current	100%	
2/15/2021	4.0000%	115,000	Current	100%	
2/15/2022	4.1000%	120,000	Current	100%	
2/15/2023	4.1000%	125,000	Current	100%	
2/15/2024	4.1500%	130,000	Current	100%	
2/15/2025	4.1500%	135,000	Current	100%	
2/15/2026	4.2000%	145,000	Current	100%	
2/15/2027	4.2000%	150,000	Current	100%	
					\$ 1,245,000

CITY OF KERRVILLE, TEXAS

Member FINRA / SIPC / NYSE  
© 2017 Hilltop Securities Inc.  
All Rights Reserved

## Potential Refunding Candidates

\$9,785,000 Certificates of Obligation, Series 2009 (Utility Supported)

–	Original Principal Amount:	\$9,785,000
–	Callable Principal:	\$3,070,000
–	Callable Maturities:	2019 - 2029
–	Coupons:	3.000% – 4.250%
–	Call Date:	2/15/2018 @ Par

\$9,785,000 Certificates of Obligation, Series 2009 (Tax Supported)

-	Original Principal Amount:	\$9,785,000
-	Callable Principal:	\$3,245,000
-	Callable Maturities:	2019 - 2029
-	Coupons:	3.000% - 4.250%
-	Call Date:	2/15/2018 @ Par

Certificates of Obligation Series 2009						
Maturity Date	Interest Rate	Par Amount	Call Amount	Call Date	Price	Call
2/15/2019	3.000%	\$ 230,000		2/15/2018	100%	
2/15/2020	3.500%	235,000		2/15/2018	100%	
2/15/2021	3.500%	245,000		2/15/2018	100%	
2/15/2022	4.000%	255,000		2/15/2018	100%	
2/15/2023	4.000%	265,000		2/15/2018	100%	
2/15/2024	4.000%	275,000		2/15/2018	100%	
2/15/2025	4.000%	290,000		2/15/2018	100%	
2/15/2026	4.000%	300,000		2/15/2018	100%	
2/15/2027	4.000%	310,000		2/15/2018	100%	
2/15/2028	4.100%	325,000		2/15/2018	100%	
2/15/2029	4.250%	340,000		2/15/2018	100%	
					\$ 3,070,000	

Certificates of Obligation Series 2009					
Maturity Date	Interest Rate	Par Amount	Call Amount	Call Date	Call Price
2/15/2019	3.000%	\$ 245,000		2/15/2018	100%
2/15/2020	3.500%	250,000		2/15/2018	100%
2/15/2021	3.500%	260,000		2/15/2018	100%
2/15/2022	4.000%	270,000		2/15/2018	100%
2/15/2023	4.000%	280,000		2/15/2018	100%
2/15/2024	4.000%	290,000		2/15/2018	100%
2/15/2025	4.000%	305,000		2/15/2018	100%
2/15/2026	4.000%	315,000		2/15/2018	100%
2/15/2027	4.000%	330,000		2/15/2018	100%
2/15/2028	4.100%	345,000		2/15/2018	100%
2/15/2029	4.250%	355,000		2/15/2018	100%
					\$ 3,245,000

## Potential Refunding Candidates

\$4,040,000 Certificates of Obligation, Series 2010

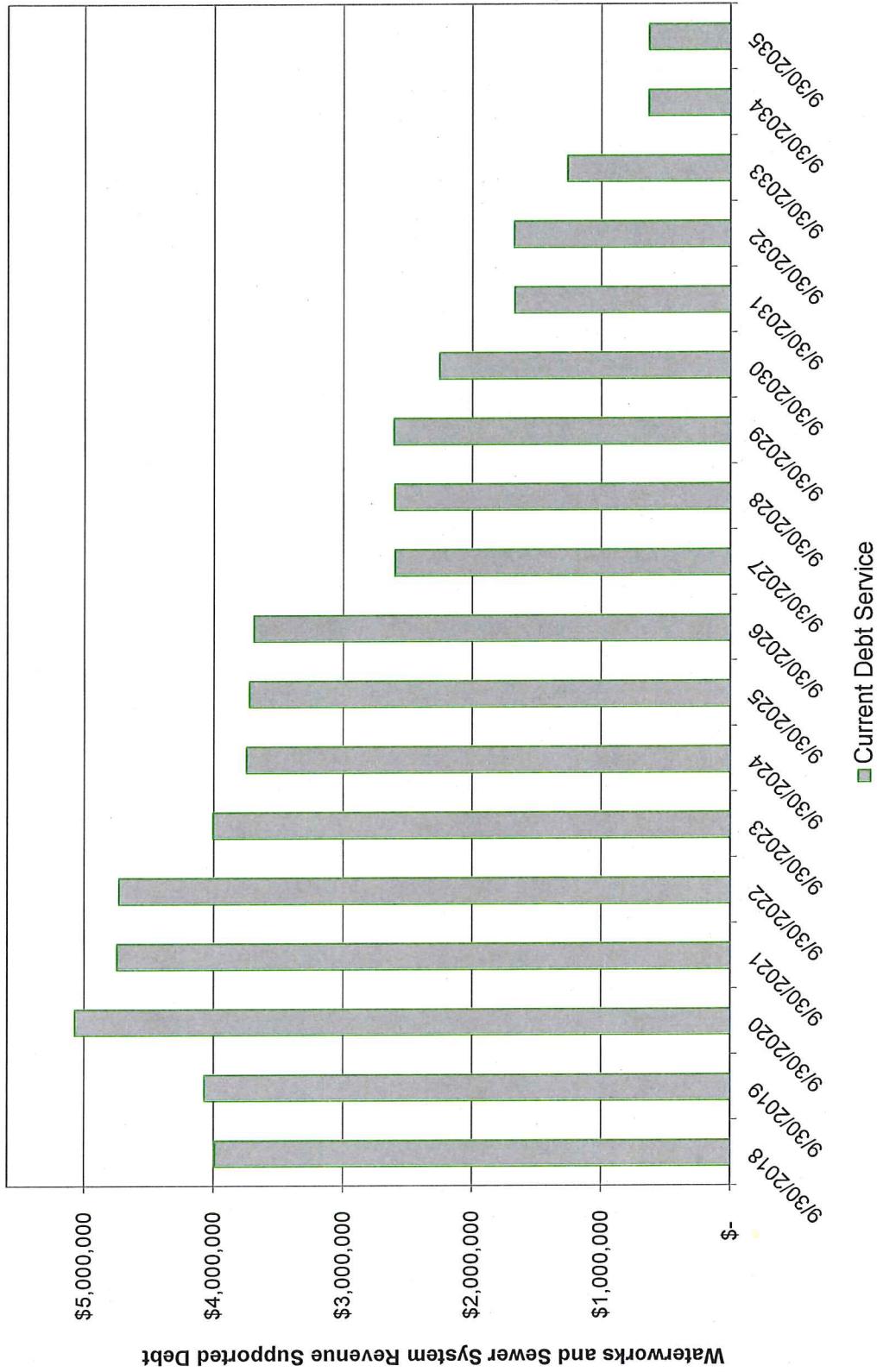
Original Principal Amount:	\$4,040,000	Original Principal Amount:	\$6,100,000
Callable Principal:	\$1,435,000	Callable Principal:	\$3,965,000
Callable Maturities:	2020 - 2030	Callable Maturities:	2020 - 2030
Coupons:	3.500% - 4.250%	Coupons:	4.000% - 4.125%
Call Date:	8/15/2019 @ Par	Call Date:	8/15/2019 @ Par

\$6,100,000 Certificates of Obligation, Series 2011

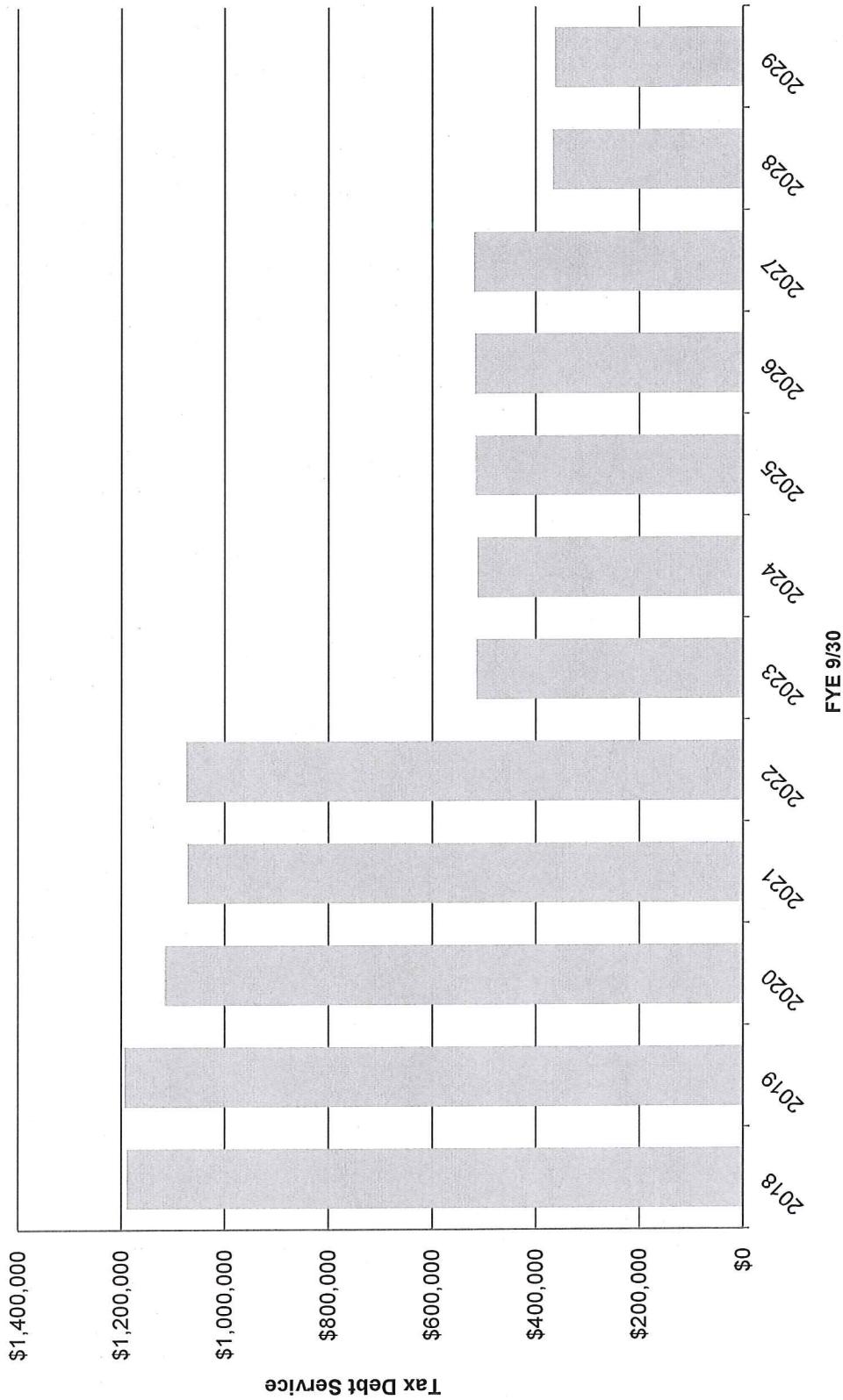
Original Principal Amount:	\$6,100,000
Callable Principal:	\$3,965,000
Callable Maturities:	2020 - 2030
Coupons:	4.0000% – 4.125%
Call Date:	8/15/2019 @ Par

Certificates of Obligation Series 2010						\$4,040,000		
Maturity Date	Interest Rate	Par Amount	Call Amount	Call Date	Call Price			
8/15/2020	3.500%	\$ 345,000		8/15/2019		100%		
8/15/2021	3.500%	90,000		8/15/2019		100%		
8/15/2022	3.500%	95,000		8/15/2019		100%		
8/15/2023	3.750%	100,000		8/15/2019		100%		
8/15/2024	3.750%	100,000		8/15/2019		100%		
8/15/2025	4.000%	105,000		8/15/2019		100%		
8/15/2026	4.000%	110,000		8/15/2019		100%		
8/15/2027	4.100%	115,000		8/15/2019		100%		
8/15/2028	4.100%	120,000		8/15/2019		100%		
8/15/2029	4.250%	125,000		8/15/2019		100%		
8/15/2030	4.250%	130,000		8/15/2019		100%		
						\$ 1,435,000		

## City of Kerrville – Utility System Debt Service



## City of Kerrville – Tax Supported Debt Service

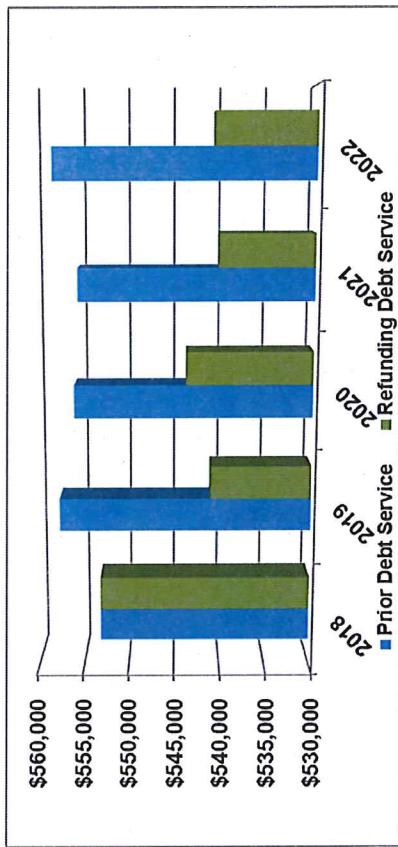


CITY OF KERRVILLE, TEXAS

## Projected Debt Service Savings of Refunding of Series 2007 GO Bonds – Tax

### ■ General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>

– Delivery Date:	12/20/2017
– Refunding Par Amount:	\$2,395,000
– Refunded Par:	\$2,523,000
– Gross Savings:	\$61,010
– Net Present Value Savings:	\$88,036
– Present Value Benefit (%):	7.435%
– TIC:	1.872%
– Negative Arbitrage:	\$0

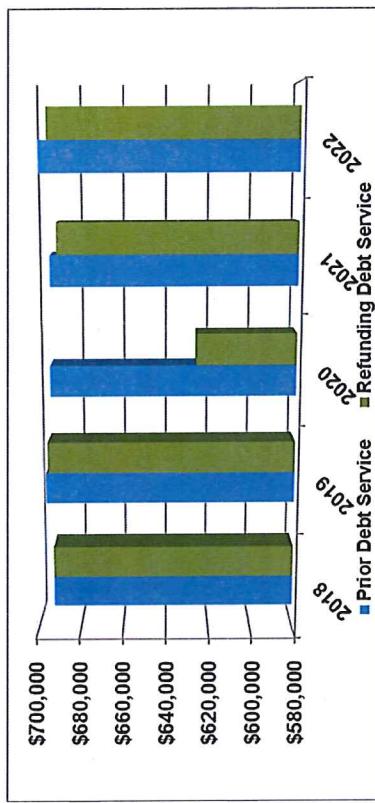


Savings			
City of Kerrville, Texas			
GO Series 2007 - Tax Supported			
Assumes Current 'AA/Aa3' Market Rates as of November 8, 2017+ 25 bps FSW			
--PRELIMINARY: For Purposes of Discussion Only--			
Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 553,170	\$ 553,170	\$ -
9/30/2019	\$ 557,620	\$ 541,000	\$ 16,620
9/30/2020	\$ 555,860	\$ 543,750	\$ 12,110
9/30/2021	\$ 555,340	\$ 540,250	\$ 15,090
9/30/2022	\$ 557,940	\$ 540,750	\$ 17,190
	\$ 2,779,930	\$ 2,718,920	\$ 61,010

(1) Market rates as of November 8, 2017 plus 25 basis points.

## Projected Debt Service Savings of Refunding of Series 2007 GO Bonds – Utility

- General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>
  - Delivery Date: 12/20/2017
  - Refunding Par Amount: \$2,990,000
  - Refunded Par: \$3,147,000
  - Gross Savings: \$74,540
  - Net Present Value Savings: \$109,919
  - Present Value Benefit (%): 3.493%
  - TIC: 1.873%
  - Negative Arbitrage: \$0



CITY OF KERRVILLE, TEXAS

Savings			
City of Kerrville, Texas			
GO Series 2007 - Utility Supported			
Assumes Current 'AA/Aa3' Market Rates as of November 8, 2017 + 25 bps FSW			
--PRELIMINARY: For Purposes of Discussion Only--			
Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 692,590	\$ 692,590	\$ -
9/30/2019	\$ 695,580	\$ 694,750	\$ 830
9/30/2020	\$ 692,940	\$ 626,000	\$ 66,940
9/30/2021	\$ 692,360	\$ 689,250	\$ 3,110
9/30/2022	\$ 696,660	\$ 693,000	\$ 3,660
	<b>\$ 3,470,130</b>	<b>\$ 3,395,590</b>	<b>\$ 74,540</b>

(1) Market rates as of November 8, 2017 plus 25 basis points.

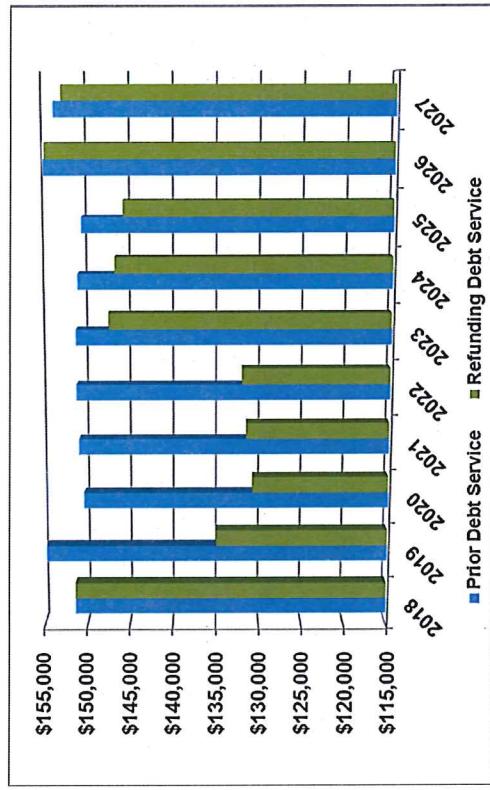
## Projected Debt Service Savings of Refunding of Series 2007 CO's – Tax

- General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>

- Delivery Date: 12/20/2017
- Refunding Par Amount: \$1,115,000
- Refunded Par: \$1,245,000
- Gross Savings: \$90,896
- Net Present Value Savings: \$95,395
- Present Value Benefit (%): 7.662%
- TIC: 2.209%
- Negative Arbitrage: \$0

Savings			
City of Kerrville, Texas			
CO Series 2007			
Assumes Current 'AA/Aa3' Market Rates as of November 8, 2017+ 25 bps FSW			
—PRELIMINARY: For Purposes of Discussion Only—			
Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 151,392	\$ 151,392	\$ -
9/30/2019	154,633	135,000	19,633
9/30/2020	150,233	130,750	19,483
9/30/2021	150,733	131,500	19,233
9/30/2022	150,973	132,000	18,973
9/30/2023	150,950	147,250	3,700
9/30/2024	150,690	146,500	4,190
9/30/2025	150,191	145,500	4,691
9/30/2026	154,345	154,250	95
9/30/2027	153,150	152,250	900
	\$ 1,517,289	\$ 1,426,392	\$ 90,896

(1) Market rates as of November 8, 2017 plus 25 basis points.



CITY OF KERRVILLE, TEXAS

## Projected Debt Service Savings of Refunding of Series 2009 Bonds – Utility

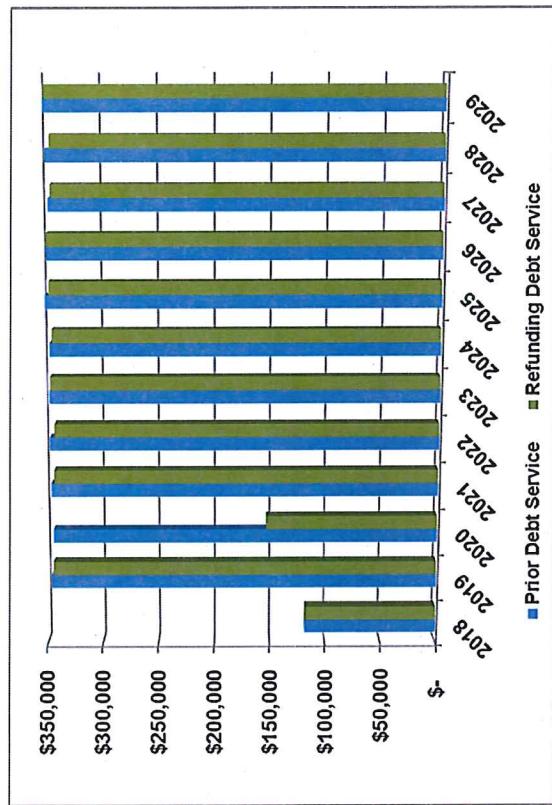
### ■ General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>

- Delivery Date: 12/20/2017
- Refunding Par Amount: \$2,710,000
- Refunded Par: \$3,070,000
- Gross Savings: \$212,238
- Net Present Value Savings: \$228,241
- Present Value Benefit (%): 7.435%
- TIC: 2.458%
- Negative Arbitrage: \$5,815

**Savings**  
 City of Kerrville, Texas  
 Refunding of Series 2009 - Utility  
 Assumes Current AAA/Aa3' Market Rates as of November 8,  
 2017 + 25 bps FSW  
 --PRELIMINARY: For Purposes of Discussion Only--

Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 118,451	\$ 118,451	\$ -
9/30/2019	345,825	344,000	1,825
9/30/2020	343,263	153,500	189,763
9/30/2021	344,863	342,000	2,863
9/30/2022	345,475	341,000	4,475
9/30/2023	345,075	344,500	575
9/30/2024	344,275	342,250	2,025
9/30/2025	347,975	344,500	3,475
9/30/2026	346,175	346,000	175
9/30/2027	343,975	341,750	2,225
9/30/2028	346,113	342,000	4,113
9/30/2029	347,225	346,500	725
	<b>\$ 3,918,689</b>	<b>\$ 3,706,451</b>	<b>\$ 212,238</b>

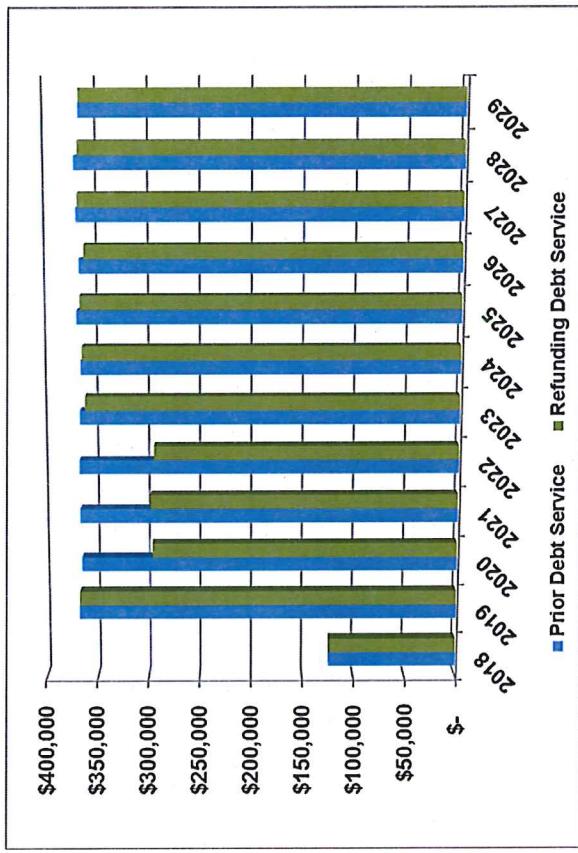
(1) Market rates as of November 8, 2017 plus 25 basis points.



CITY OF KERRVILLE, TEXAS

## Projected Debt Service Savings of Refunding of Series 2009 Bonds – Tax

- General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>
  - Delivery Date: 12/20/2017
  - Refunding Par Amount: \$2,870,000
  - Refunded Par: \$3,245,000
  - Gross Savings: \$226,346
  - Net Present Value Savings: \$239,530
  - Present Value Benefit (%): 7.381%
  - TIC: 2.461%
  - Negative Arbitrage: \$6,147



Savings City of Kerrville, Texas Refunding of Series 2009 - Tax Assumes Current 'AA/Aa3' Market Rates as of November 8, 2017+ 25 bps FSW --PRELIMINARY: For Purposes of Discussion Only--			
Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 123,674	\$ 123,674	\$ -
9/30/2019	367,358	367,000	358
9/30/2020	364,308	295,750	68,558
9/30/2021	365,383	297,500	67,883
9/30/2022	365,433	293,750	71,683
9/30/2023	364,433	359,750	4,683
9/30/2024	363,033	362,000	1,033
9/30/2025	366,133	363,500	2,633
9/30/2026	363,733	359,250	4,483
9/30/2027	365,833	364,500	1,333
9/30/2028	367,160	363,750	3,410
9/30/2029	362,544	362,250	294
	\$ 4,139,020	\$ 3,912,674	\$ 226,346

(1) Market rates as of November 8, 2017 plus 25 basis points.

## Projected Debt Service Savings of Refunding of Series 2010 - Utility

### ■ General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>

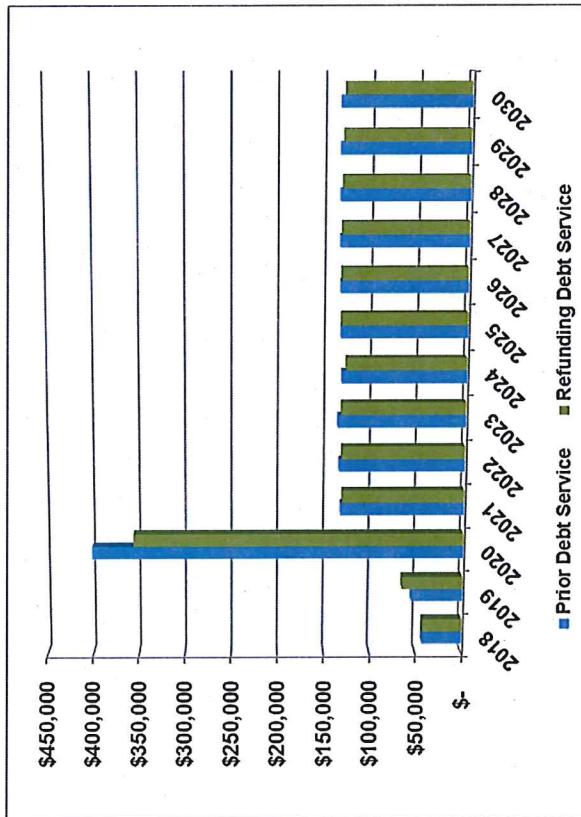
- Delivery Date: 12/20/2017
- Refunding Par Amount: \$1,310,000
- Refunded Par: \$1,435,000
- Gross Savings: \$61,623
- Net Present Value Savings: \$56,407
- Present Value Benefit (%): 3.931%
- TIC: 2.542%
- Negative Arbitrage: \$16,939

**Savings**  
 City of Kerrville, Texas  
 Refunding of Series 2010  
 Assumes Current 'AA/Aa3' Market Rates as of November 8,  
 2017+ 25 bps FSW

**...PRELIMINARY: For Purposes of Discussion Only...**

Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 42,757	\$ 42,757	\$ -
9/30/2019	55,123	65,500	(10,378)
9/30/2020	400,123	355,500	44,623
9/30/2021	133,048	131,000	2,048
9/30/2022	134,898	132,000	2,898
9/30/2023	136,573	132,750	3,823
9/30/2024	132,823	128,250	4,573
9/30/2025	134,073	133,750	323
9/30/2026	134,873	133,750	1,123
9/30/2027	135,473	133,500	1,973
9/30/2028	135,758	133,000	2,758
9/30/2029	135,838	132,250	3,588
9/30/2030	135,525	131,250	4,275
	<b>\$ 1,846,879</b>	<b>\$ 1,785,257</b>	<b>\$ 61,623</b>

(1) Market rates as of November 8, 2017 plus 25 basis points.



## Projected Debt Service Savings of Refunding of Series 2011 - Utility

### ■ General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>

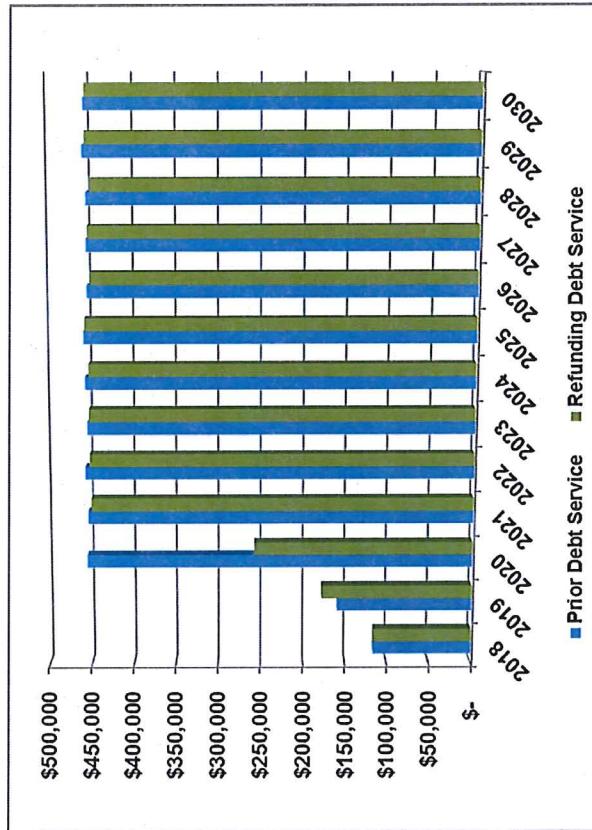
- Delivery Date: 12/20/2017
- Refunding Par Amount: \$3,555,000
- Refunded Par: \$3,965,000
- Gross Savings: \$207,125
- Net Present Value Savings: \$186,384
- Present Value Benefit (%): 4.701%
- TIC: 2.605%
- Negative Arbitrage: \$46,897

**Savings**  
City of Kerrville, Texas  
Refunding of Series 2011  
Assumes Current 'AA/AA3' Market Rates as of November 8,  
2017 + 25 bps FSW

**-PRELIMINARY: For Purposes of Discussion Only--**

Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2018	\$ 116,031	\$ 116,031	\$ -
9/30/2019	159,144	177,750	(18,606)
9/30/2020	454,144	257,750	196,394
9/30/2021	452,344	448,750	3,594
9/30/2022	455,144	450,000	5,144
9/30/2023	452,344	450,500	1,844
9/30/2024	451,144	450,250	3,894
9/30/2025	455,344	454,250	1,094
9/30/2026	450,944	447,250	3,694
9/30/2027	451,144	449,750	1,394
9/30/2028	450,744	446,250	4,494
9/30/2029	454,744	452,000	2,744
9/30/2030	452,944	451,500	1,444
	\$ 5,259,156	\$ 5,052,031	\$ 207,125

(1) Market rates as of November 8, 2017 plus 25 basis points.

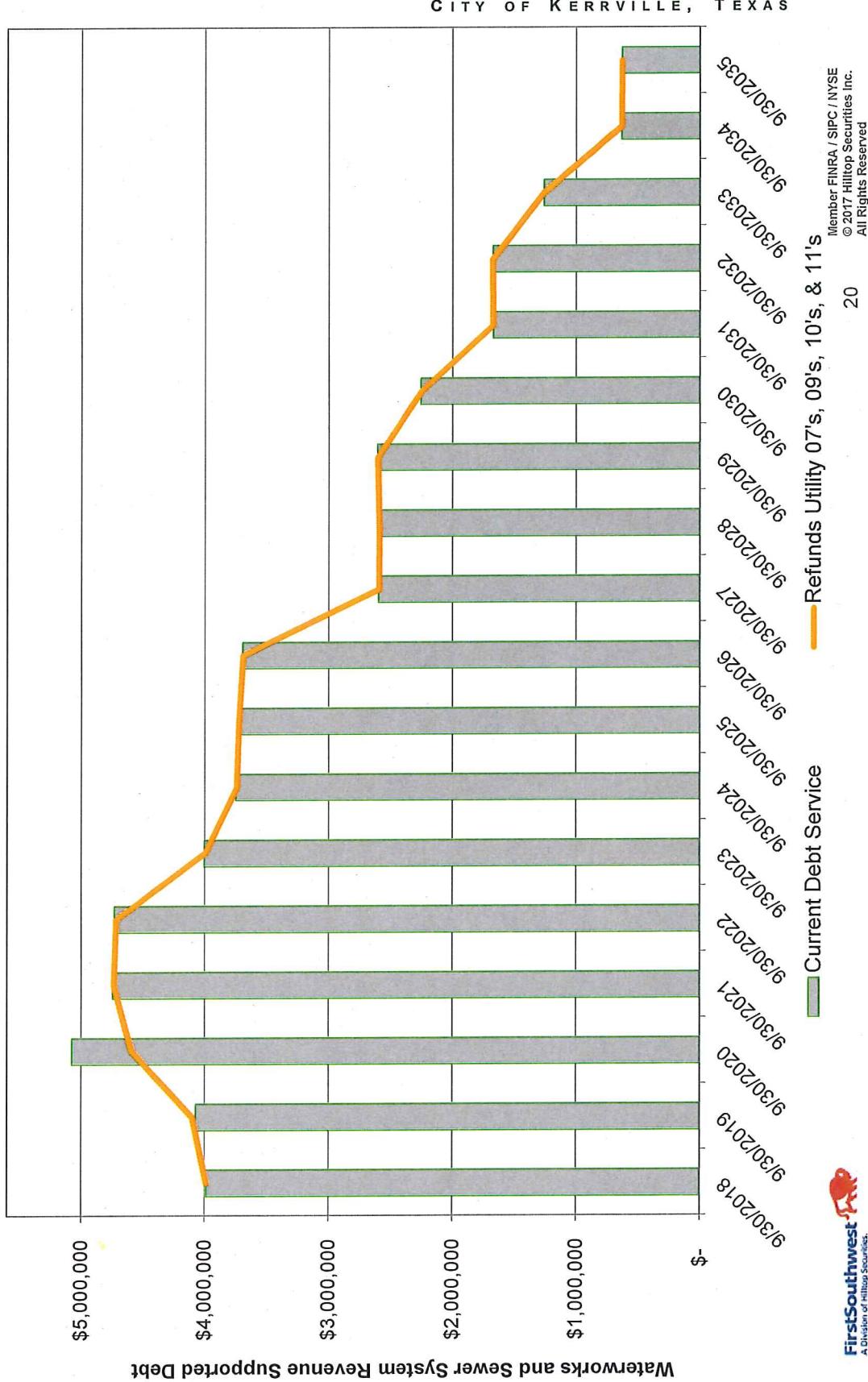


## Aggregate Refunding

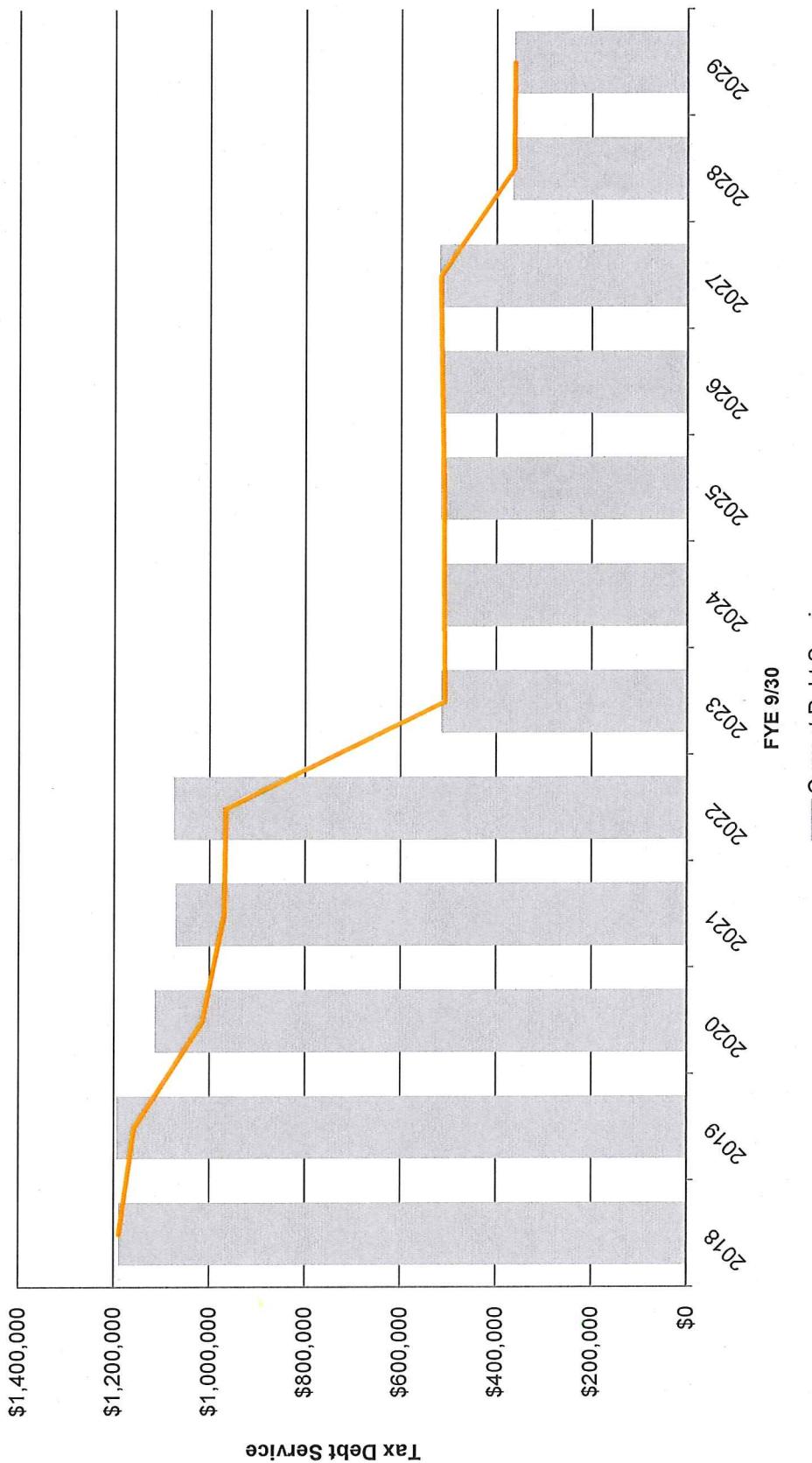
---



## Projected City of Kerrville Utility System Debt Service Post Refunding

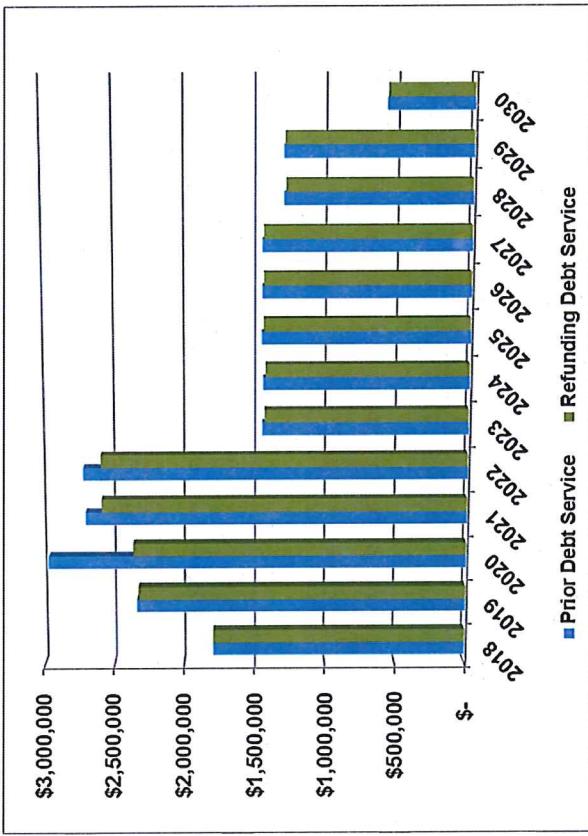


## Projected City of Kerrville Tax Debt Service Post Refunding



## Aggregate Projected Debt Service Savings of Refundings

- General Obligation Refunding Bonds, Series 2017<sup>(1)</sup>
  - Delivery Date: **12/20/2017**
  - Refunding Par Amount: **\$16,940,000**
  - Refunded Par: **\$18,630,000**
  - Gross Savings: **\$939,278**
  - Net Present Value Savings: **\$1,011,667**
  - Present Value Benefit (%): **5.430%**
  - TIC: **2.408%**
  - Negative Arbitrage: **\$64,344%**



(1) Market rates as of November 8, 2017 plus 25 basis points.

## Parameter Bond Sale

---



## Parameter Bond Sale

- City Council delegates final pricing authority to Pricing Officers (The Mayor and/or the City Manager and/or Director of Finance)
- City Council establishes bond sale parameters:
  - Maximum Interest Rate
  - Minimum Savings Threshold for Refunding
  - Aggregate Principal Amount of Issue
  - Final Maturity Date
  - Expiration of Delegated Authority
    - 6 Months
- Pricing Officers can only approve sale if City Council parameters are met

**Section 1207 of the Government Code allows refunding bonds via a Parameter Sale**

## Reason for Parameter Bond Sale = FLEXIBILITY

## Parameter Bond Sale

---

**Market Timing** – Bond issue is in ‘Day-to-Day’ mode, meaning bonds can be priced at any time and in an interest rate environment that is advantageous rather than being locked into pricing on the date of a City Council meeting.

- Suggested parameters for City Council consideration:
  - Maximum Interest Rate – 3.50%
  - Minimum Savings Threshold for Refunding – 3.50% NPV of Refunded Bonds
  - Aggregate Principal Amount of Issue - \$20,000,000
  - Final Maturity Date – August 15, 2030
  - Expiration of Delegated Authority – May 14, 2017
    - However, due to Tax Cuts and Job Acts, transaction to be implemented prior to December 31, 2017
  - Delegation Authority - The Mayor and/or the City Manager and/or Director of Finance

CITY OF KERRVILLE, TEXAS

## Proposed Timing

---



## Proposed Timetable of Events

Member FINRA / SIPC / NYSE  
© 2017 Hilltop Securities Inc.  
All Rights Reserved

27



**FirstSouthwest**  
A Division of Balfour Securities

## Timing of Bond Issue and Reading of the Ordinance

---

- Section 1201.028, Texas Government Code, permits ordinances related to the issuance of bonds to become effective with only one reading
- While the City of Kerrville's City Charter requires all ordinances (other than emergency measures) to have two readings, the above referenced state law supersedes the City's requirement
  - This also applies to all other municipalities across that State with similar Charter provisions
- This provision has been utilized for multiple years by the City of Kerrville with bond issuances
- The proposed ordinance under consideration includes the following language to be transparent about process:
  - Section \_\_\_\_ EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

CITY OF KERRVILLE, TEXAS

## **Agenda Item:**

5C. Ordinance No. 2017-23, amending Chapter 6 "Advertising", Article II "Signs", Section 6-36 "Exempt Signs" of the City's Code of Ordinances to exempt from permitting pole banner signs used by hospital services; containing a savings and severability clause; providing for penalties not to exceed \$2,000..00; ordering publication; providing an effective date; and providing other matters related to the subject. (staff)

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

---

**SUBJECT:** FIRST READING OF AN ORDINANCE CONCERNING A SIGN CODE TEXT AMENDMENT TO CHANGE CHAPTER 6 "ADVERTISING" OF THE CITY OF KERRVILLE CODE OF ORDINANCES. SECTION 6-36 "EXEMPT SIGNS" (ADDING POLE-BANNERS ON PUBLIC/INSTITUTIONAL SITES). (2017-081)

**FOR AGENDA OF:** November 14, 2017      **DATE SUBMITTED:** November 9, 2017

**SUBMITTED BY:** Sabine Kuenzel  
Int. Ex. Dir. Dev. Ser.

**CLEARANCES:** Mark McDanile  
City Manager

**EXHIBITS:** Draft Ordinance No. 2017-23

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

---

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OR FINANCE:**

---

**SUMMARY STATEMENT**

This item concerns a text amendment to the City of Kerrville's sign code to add an exemption for banners attached to light poles on sites that are classified as public/institutional.

This discussion originated several months ago. The City's Code Compliance office responded to a complaint regarding 14 banners that had been displayed on several of the light poles at Peterson Hospital. Hospital representatives requested a variance that would allow reinstallation of the banners.

On October 19, 2017, the Planning and Zoning Commission approved the variance, but simultaneously directed Staff to examine the sign regulations and bring forward an amendment to exempt these and similar signs.

**RECOMMENDED ACTION**

Approval on First Reading of Ordinance No. 2017-23

**CITY OF KERRVILLE, TEXAS  
ORDINANCE NO. 2017-23**

**AN ORDINANCE AMENDING CHAPTER 6 “ADVERTISING”, ARTICLE II “SIGNS”, SECTION 6-36 “EXEMPT SIGNS” OF THE CITY’S CODE OF ORDINANCES TO EXEMPT FROM PERMITTING POLE BANNER SIGNS USED BY HOSPITAL SERVICES; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING FOR PENALTIES NOT TO EXCEED \$2,000.00; ORDERING PUBLICATION; PROVIDING AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT**

**WHEREAS**, the City Council of the City of Kerrville, Texas (“City Council”) seeks to provide for the orderly development and use of property within the corporate limits of the City of Kerrville, Texas (“City”) and its extraterritorial jurisdiction (“ETJ”); and

**WHEREAS**, toward that end, City Council, pursuant to Ordinance No. 2012-05, adopted a new Sign Code, as codified in Article II of Chapter 6 of the City’s Code of Ordinances; and

**WHEREAS**, Ordinance No. 2012-05 established regulations governing the location, size, design, installation, and maintenance of signs located within the City and its ETJ; and

**WHEREAS**, the Sign Code is being revised to exempt from permitting pole banner signs placed on properties being used for “hospital services”, as defined; and

**WHEREAS**, City Council, after considering among other things, the character of the various areas of the City and the suitability of particular uses in each area; and with a view to conserving the value of property, maintaining safety, and the public health, and encouraging the most appropriate use of land throughout the City, finds it to be in the best interest of the health, safety, morals, and general welfare of the City of Kerrville, Texas, to amend the Sign Code as provided herein;

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

**SECTION ONE.** Chapter 6 “Advertising”, Article II “Signs”, of the Code of Ordinances of the City of Kerrville, Texas, is amended by amending Section 6-36 by adding the language that is underlined (added) as follows:

“**Sec. 6-36. Exempt signs.**

:

(19) A pole banner sign erected on property currently used for hospital services, where “hospital services” is defined by the City’s Zoning Code, but limited for this purpose to properties being greater than five (5) acres in size. A “pole banner sign” is a banner attached to a private light pole located on the property.”

**SECTION TWO.** The City Secretary is authorized and directed to send this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code as adopted herein, to correct any typographical errors, and to index, format, number, and letter the paragraphs to the existing Code, as appropriate.

**SECTION THREE.** The provisions of this Ordinance are cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are expressly repealed to the extent of any such inconsistency or conflict.

**SECTION FOUR.** If any section, subsection, sentence, clause, or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

**SECTION FIVE.** The penalty for violation of this Ordinance shall be in accordance with the general penalty provisions contained in Section 1-8, or its successor section, of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00).

**SECTION SIX.** Pursuant to Texas Local Government Code §52.013(a) and Section 3.07 of the City's Charter, the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by law as an alternative method of publication.

**SECTION SEVEN.** This Ordinance shall become effective immediately upon the expiration of ten days following publication, as provided for by Section 3.07b. of the City Charter.

**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

APPROVED AS TO FORM:

  
Michael C. Hayes

\_\_\_\_\_  
ATTEST:

  
Brenda G. Craig, City Secretary

## **Agenda Item:**

6A. Construction contract with M&C Fonseca Construction Company, Inc. for the river trail west improvements project as part of the river trail project in the amount of \$649,658.50 and authorize the city manager to execute additional change orders which will not exceed a total contract value of \$715,000.00.  
(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 M&C Fonseca Construction Co., Inc. for the River Trail West Improvements Project that is part of the River Trail project in the amount of \$649,658.50 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$715,000.

**FOR AGENDA OF:** November 14, 2017      **DATE SUBMITTED:** November 6, 2017

**DATE SUBMITTED:** November 6, 2017

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

**CLEARANCES:** E.A. Hoppe  
Deputy City Manager

**EXHIBITS:** Bid Results  
Letter of Recommendation for Award

**PAYMENT TO BE MADE TO:** M&C Fonseca Construction Co., Inc.  
1901 Prairie Creek Rd.  
Granite Shoals, TX 78654

**APPROVED FOR SUBMITTAL BY CITY MANAGER**

<b>Expenditure Required:</b> <b>\$715,000</b>	<b>Current Balance in Account:</b> <b>\$748,559.66</b>	<b>Amount Budgeted:</b> <b>\$6,000,000</b>	<b>Account Number:</b> <b>B05</b>
--	---	---	--------------------------------------

**REVIEWED BY THE FINANCE DIRECTOR:**

In April 2017, the City hired John Hewitt to generate bid and construction documents for the River Trail West Improvements project as part of the River Trail project. The River Trail West section of the river trail will be a continuation of the River Trail west of Town Creek, tying into the recently completed Lowry Park Trail extension, proceeding west, and ending at the Dietert Center with a tie-in to Guadalupe Street. The scope of this project consists of the construction of approximately 2,570 linear feet of 10-foot wide concrete trail, two concrete trailheads, asphalt parking improvements, water and electrical service and associated limestone block retaining walls, grading and drainage improvements. The construction for this project extends from the existing trailhead located east of Lowry Park along Guadalupe Street west to the Dietert Center. The construction documents were completed and the project was placed for bid in October with the bid opening on October 31, 2017. Four bids were received with the apparent low bidder being M&C Fonseca Construction Co., Inc.

Staff evaluated the bids received and recommends awarding the project to M&C Fonseca Construction Co., Inc. for the base bid and two additions with a total project cost of \$649,658.50. Additionally, staff recommends authorizing the City Manager to execute additional change orders which will not exceed a total contract value of \$715,000.00.

**RECOMMENDED ACTION**

Authorize the City Manager to execute a construction contract with M&C Fonseca Construction Co., Inc. for the River Trail West Improvements Project that is part of the River Trail project in the amount of \$649,658.50 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$715,000.



## Project Name : River Trail West Project

**Engineering Number: PW#12-010**

**Bid Opening: October 31, 2017**



November 8, 2017

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

**Re: River Trail West Improvements Project PW No. 12-010  
Bid Tabulation**

Dear Kyle,

Sealed bids were received at 3:00 p.m. on October 31, 2017 for the City of Kerrville River Trail West Improvements project. Four bids were received for the project.

The low bid for the project was submitted by M&C Fonseca Construction for \$636,268.50. The engineer's estimate for this project was \$734,550.00 which included the construction of approximately 2,570 linear feet of 10-foot wide concrete trail, two concrete trailheads, asphalt parking improvements, water and electrical service and associated limestone block retaining walls, grading and drainage improvements.

The low bid is approximately 13% below the projected construction estimate and 14% below the average bid of \$736,068 for the four received bids. In addition, the low bid included an additional \$13,390.00 to add 24 Square Yards of Limestone Pavers at the Dietert Trailhead and 600 Square Yards of Integrally Colored Concrete at the Dietert Trailhead as Additional Bid Items.

Based on a review and tabulation of the proposals and recent performance by M&C Fonseca on City projects, I recommend award of the contract to M&C Fonseca Construction on the basis of their low bid of \$649,658.50 which includes their base bid amount of \$636,268.50 and the additional bid item amount of \$13,390.00.

Please feel free to call me at 830-315-8800 or by email at [jmhewitt@hewitt-inc.com](mailto:jmhewitt@hewitt-inc.com) if you have any questions or require additional information.

**HEWITT ENGINEERING INC.**  
Texas Registered Engineering Firm F-10739

John M. Hewitt. P.E., CFM

## **Agenda Item:**

6B. Resolution No. 42-2017 authorizing a waiver of various fees associated with construction activities for the property located at 602 Spur 100, within the City of Kerrville, Texas. (Steve Volkman, citizen)

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

---

**SUBJECT OF REQUEST:** Requested Waiver of Fees

**AGENDA DATE:** November 14, 2017

**DATE SUBMITTED:**

**REQUESTED/SUBMITTED BY:** Steve Volkman

**PHONE:** 830-315-4377

**ORGANIZATION REPRESENTING:** Veterans Assistance Dogs of Texas

**MAILING ADDRESS:** 1127 Main Street, #214, Kerrville, Texas 78028

**EMAIL ADDRESS:** [VAdotstv@gmail.com](mailto:VAdotstv@gmail.com)

**EXHIBITS/INFORMATION:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

**WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE EXPENDITURE OF CITY FUNDS?** YES:  NO:

**IF YES, STATE AMOUNT REQUESTED:** \$ 860.00 (estimate)

---

**DESCRIPTION OF REQUEST**

We are placing our final training campus at 602 Spur 100. We will bring the veteran to this location to stay in our manufactured homes while receiving the final phase of training with the veteran and the service dog. The veteran will then return to their home with a well-trained service dog.

**RECOMMENDED COUNCIL ACTION**

We are a 501(C)3, and would like to have our permitting fees waived.

**CITY OF KERRVILLE, TEXAS**  
**RESOLUTION NO. 42-2017**

**A RESOLUTION AUTHORIZING A WAIVER OF VARIOUS FEES  
ASSOCIATED WITH CONSTRUCTION ACTIVITIES FOR THE  
PROPERTY LOCATED AT 602 SPUR 100, WITHIN THE CITY OF  
KERRVILLE, TEXAS**

**WHEREAS**, Veterans Assistance Dogs of Texas (“VA Dogs”) is a nonprofit organization located in Kerrville, Texas, that trains service dogs to assist the lives of disabled Texas veterans suffering from physical disabilities, traumatic brain injuries, Post-Traumatic Stress Disorder (PTSD), Military Sexual Trauma (MST) or a combination of these disabilities; and

**WHEREAS**, service dogs trained by VA Dogs provide companionship, security, and emotional stability during periods of recovery from the physical and emotional wounds of combat and aid in the physical and emotional recovery and independence of American Veterans with disabilities by providing service dogs at no cost to the veteran; and

**WHEREAS**, VA Dogs intends to develop the property located at 602 Spur 100 (the “Property”) as a dog training facility, whereby a veteran may live for a short period of time and receive training as to using and caring for a dog; and

**WHEREAS**, VA Dogs has requested that the City waive the payment of various fees related to the development of the Property for the purposes specified above; and

**WHEREAS**, City Council finds that the activities conducted by VA Dogs on the Property serve a public purpose, and as such, it is in the public interest to waive the fees specified below as a way to aid in the proposed development;

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

**SECTION ONE.** Subject to Sections Two and Three, below, the payment of the following fees are waived for VA Dogs for its development of the Property:

1. Parkland Dedication Fee;
2. Building, Electrical, Plumbing, and Mechanical Fees; and
3. Platting and replatting fee.

**SECTION TWO.** The waiver of fees described in Section One, above, applies only to applications filed by VA Dogs for the Property.

**SECTION THREE.** The waiver of the various fees listed in Section One, above, is not to be construed and does not waive any requirements for obtaining the various permits and inspections required by the Code of Ordinances of the City of Kerrville, Texas, or any other

applicable federal, state, or local law or regulation, nor is it to be construed as granting any waivers or variances to the subdivision regulations of the City of Kerrville.

**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:**

6C. Resolution No. 44-2017, casting votes of the City of Kerrville, Texas, for Kerr Central Appraisal District Board of Directors. (staff)

## **BUSINESS OF THE CITY COUNCIL CITY OF KERRVILLE, TEXAS**

**SUBJECT:** Resolution No. 44-2017 casting the City of Kerrville's ballot to elect person(s) to the Kerr Central Appraisal District Board of Directors 2018/2019 term

**FOR AGENDA OF:** November 14, 2017      **DATE SUBMITTED:** October 27, 2017

**EXHIBITS:** KCAD Ballot  
Resolution No. 44-2017

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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

**PAYMENT TO BE MADE TO:**

## REVIEWED BY THE FINANCE DIRECTOR:

## **SUMMARY STATEMENT**

On October 26, 2017, the City of Kerrville received a ballot from the Kerr Central Appraisal District (KCAD) with seven candidates for five positions for the KCAD Board of Directors. Directors are elected to two-year terms, and candidates elected will serve the 2018/2019 term.

The ballot includes Judy Eychner, who was previously nominated by the Kerrville City Council to serve as the city's representative on KCAD.

There are a total of 5,000 votes distributed among the taxing entities in Kerr County. The City of Kerrville is allocated 704 votes. The city council may allocate all its votes entirely to one candidate or split the votes between candidates. The city may not initiate the recall of a director unless it has cast at least one vote for that director; therefore, it is recommended that the city cast 698 votes for Judy Eycner and one vote for each of the remaining candidates.

The city must cast its ballot before December 31, 2017.

## RECOMMENDED ACTION

Approval of Resolution No. 44-2017 casting 698 votes for Judy Eychner and casting one vote for each of the remaining candidates; this will ensure that the city has standing in the unlikely event of a recall of any of the five board members.



## Kerr Central Appraisal District

1836 Junction Highway ♦ P.O. Box 294387 ♦ Kerrville, Texas 78029  
(830) 895-5223

### BOARD OF DIRECTOR'S 2018-2019 BALLOT

<u>CANDIDATE</u>	<u>NOMINATING ENTITY</u>	<u>VOTES CAST</u>
1. Ray Orr	Kerrville ISD	_____
2. Patrick Freedle	Kerrville ISD	_____
3. Charles Lewis	Kerr County	_____
4. Judy Webb Smith	Kerr County	_____
5. Carter Crain	Hunt ISD	_____
6. Scott Turner	Center Point ISD	_____
7. Judy Eychner	City of Kerrville	_____

Please cast your allotted votes (see below) for the candidate or candidates of your choice and return to the Chief Appraiser before December 15th. Each entity may cast all of its allocated votes for one candidate or may divide its votes between two or more candidates. The entity may not initiate a recall of a director unless it casts at least one vote for that director. The votes will be counted and the Board Members announced for the 2018-2019 term before December 31st. There are five elected positions on the Kerr Central Appraisal District Board of Directors. The County Tax Assessor/Collector serves as a non-voting member by state statute.

<u>Entity Name</u>	<u>Votes Allocated</u>
City of Ingram	26
City of Kerrville	704
Kerr County	1,284
Center Point ISD	191
Comfort ISD	133
Divide ISD	34
Harper ISD	30
Hunt ISD	271
Ingram ISD	402
Kerrville ISD	1,918
Medina ISD	7
<b>TOTAL # Votes</b>	<b>5,000</b>

Sharon Constantinides, RPA, CCA  
Chief Appraiser  
[Sharon.Constantinides@Kerrcad.org](mailto:Sharon.Constantinides@Kerrcad.org)

**CITY OF KERRVILLE, TEXAS**  
**RESOLUTION NO. 44-2017**

**A RESOLUTION CASTING VOTES OF THE CITY OF KERRVILLE,  
TEXAS, FOR KERR CENTRAL APPRAISAL DISTRICT BOARD OF  
DIRECTORS**

**WHEREAS**, Section 6.03 of the Texas Tax Code entitles each political subdivision with property tax authority within Kerr County to cast votes in an election of the Board of Directors of the Kerr Central Appraisal District (the "Board"); and

**WHEREAS**, the Chief Appraiser for the Kerr Central Appraisal District ("KCAD") has certified that the City of Kerrville may cast 704 votes in the election of the Board; and

**WHEREAS**, City Council finds it to be in the public interest to cast its votes for the KCAD Board in the manner indicated below;

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

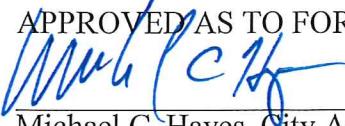
The following nominee, or nominees, with accompanying votes to be cast for each, is submitted for one, or more, of the seven positions to be filled on the Kerr Central Appraisal District for the 2018-2019 term.

1. Ray Orr \_\_\_\_\_ votes
2. Patrick Freedle \_\_\_\_\_ votes
3. Charles Lewis \_\_\_\_\_ votes
4. Judy Webb Smith \_\_\_\_\_ votes
5. Carter Crain \_\_\_\_\_ votes
6. Scott Turner \_\_\_\_\_ votes
7. Judy Eychner \_\_\_\_\_ votes

**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

## **Agenda Item:**

6D. Resolution No. 45-2017, creating seven subcommittees as part of the comprehensive planning effort (Kerrville 2050) and making appointments thereto.  
(staff)

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

---

**SUBJECT:** Resolution No. 45-2017 creating seven subcommittees as part of the comprehensive planning effort and making appointments thereto

**FOR AGENDA OF:** November 14, 2017

**DATE SUBMITTED:** November 9, 2017

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

**EXHIBITS:** Resolution No. 45-2017

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

---

<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
\$0	\$0	\$0	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

---

**SUMMARY STATEMENT**

The city council previously adopted Resolution 31-2017 creating the Comprehensive Plan Steering Committee and appointing 42 persons to the committee. The attached Resolution No. 45-2017 creates seven subcommittees and makes appointments thereto, with each councilmember nominating two individuals for each of the seven subcommittees.

In addition, Resolution No. 45-2017 makes appointment of chairs to each subcommittee, with nominees being current members of the Steering Committee.

Finally, this same recommended Resolution provides for the replacement of any Steering Committee members by respective nominating members of council at any time before the end of this month. This particular provision is included because at least two individuals have indicated that they have had changes in commitments and will not be able to participate.

**RECOMMENDED ACTION**

Adopt Resolution No. 45-2017 as presented.

**CITY OF KERRVILLE, TEXAS  
RESOLUTION NO. 45-2017**

**A RESOLUTION CREATING SEVEN SUBCOMMITTEES AS PART OF THE  
COMPREHENSIVE PLANNING EFFORT (KERRVILLE 2050) AND  
MAKING APPOINTMENTS THERETO**

**WHEREAS**, City Council, through its adoption of Resolution No. 31-2017, created the *Comprehensive Plan Steering Committee* ("CPSC"); and

**WHEREAS**, Council established the CPSC to serve as the recommending body for the consideration and adoption of the City's new Comprehensive Plan ("the Plan"); and

**WHEREAS**, in an effort to study and address the seven current components of the Plan and, to include as many citizens as possible into the Plan's adoption process, the City Council believes it to be in the public interest to create seven different subcommittees and to make appointments to each;

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

**SECTION ONE.** City Council hereby creates seven subcommittees ("Subcommittee(s)") for the comprehensive planning effort (Kerrville 2050), with the names of Councilmember appointees as indicated on the attachment found at **Exhibit A**.

**SECTION TWO.** City Council hereby appoints chairs for each Subcommittee from the membership of the CPSC as indicated on the attachment found at **Exhibit A**.

**SECTION THREE.** The Subcommittees are subject to Resolution No. 31-2017 and the procedures established therein, to extent that the resolution does not conflict with anything herein.

**SECTION FOUR.** Each Councilmember may replace any CPSC member that they nominated for appointment by Resolution No. 31-2017, until November 30, 2017.

**PASSED AND APPROVED ON this the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2017.**

ATTEST:

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
Brenda Craig, City Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Michael C. Hayes, City Attorney

# EXHIBIT A

## SUBCOMMITTEES

1. Economic Development  
Chair Walter Koenig

2. Community/  
Neighborhood Character/  
Placemaking  
Chair Sarah Hammond-Distil

3. Mobility (Transportation)  
Chair Jonathan Letz

## COUNCIL APPOINTEES

Kent McKinney (Mayor)  
Kyle Priour (Mayor)  
Terry Massey (Place 1)  
Jenny Jones (Place 1)  
\_\_\_\_\_ (Place 2)  
\_\_\_\_\_ (Place 2)  
Kim Clarkson (Place 3)  
Glenn Andrew (Place 3)  
Tom Houdeshell (Place 4)  
Gregg Appel (Place 4)

Ken Ellenwood (Mayor)  
Rodney Bacon (Mayor)  
Roman Garcia (Place 1)  
Lindsey Blankenship (Place 1)  
\_\_\_\_\_ (Place 2)  
\_\_\_\_\_ (Place 2)  
Larry Howard (Place 3)  
Jan Lynch (Place 3)  
Bill Blackburn (Place 4)  
Howell Rideout (Place 4)

Clay Lambert (Mayor)  
Matt Olden (Mayor)  
Clarice Amann (Place 1)  
Blair Geisler (Place 1)  
\_\_\_\_\_ (Place 2)  
\_\_\_\_\_ (Place 2)  
Lisa Nye-Saladin (Place 3)  
Roderigo Gonzalez (Place 3)  
Karen Burkett (Place 4)  
Barry Hodkin (Place 4)

4. Water/Wastewater/Drainage  
Chair Mike Wellborn

<u>David Barker</u>	(Mayor)
<u>Carl Meek</u>	(Mayor)
<u>Lee Voelkel</u>	(Place 1)
<u>Fred Speck</u>	(Place 1)
_____	(Place 2)
_____	(Place 2)
<u>John Harrison</u>	(Place 3)
<u>Gene Williams</u>	(Place 3)
<u>Dian McMahan</u>	(Place 4)
<u>John Junker</u>	(Place 4)

5. Public Facilities & Services  
Chair Tina Woods

<u>Gary Dickson</u>	(Mayor)
<u>Kenneth Wilke</u>	(Mayor)
<u>Alex Monroe</u>	(Place 1)
<u>Bill Morgan</u>	(Place 1)
_____	(Place 2)
_____	(Place 2)
<u>Tim Summerlin</u>	(Place 3)
<u>D.R. Coleman</u>	(Place 3)
<u>Janet McKinney</u>	(Place 4)
<u>Kurt Griffin</u>	(Place 4)

6. River Corridor/Parks/  
Open Space  
Chair Karen Guerriero

<u>Rose Bradshaw</u>	(Mayor)
<u>Jim Leavell</u>	(Mayor)
<u>Barbara Burton</u>	(Place 1)
<u>Preston Hardin</u>	(Place 1)
_____	(Place 2)
_____	(Place 2)
<u>Greg Peschel</u>	(Place 3)
<u>Mary Muse</u>	(Place 3)
<u>Frank Dunlap</u>	(Place 4)
<u>Ed Wallace</u>	(Place 4)

7. Downtown Revitalization  
Chair David Thomas Jones

<u>James Williamson</u>	(Mayor)
<u>Ed Hamilton</u>	(Mayor)
<u>Tom Hawkins</u>	(Place 1)
<u>Laura Fore</u>	(Place 1)
_____	(Place 2)
_____	(Place 2)
<u>Keri Kropp</u>	(Place 3)
<u>Stephen Fine</u>	(Place 3)
<u>Joe Herring</u>	(Place 4)
<u>Bruce Stracke</u>	(Place 4)

**Agenda Item:**

6E. Interlocal agreement between Kerr County, Texas and the City of Kerrville, Texas for the provision of animal control services within the City of Kerrville, Texas, and services of the Butt-Holdsworth Memorial Library for residents of Kerr County. (staff)

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

---

**SUBJECT:** Consideration of an Interlocal Agreement between the City of Kerrville and Kerr County regarding animal control services within the City of Kerrville and access to all library services at the Butt-Holdsworth Memorial Library for residents of Kerr County.

**FOR AGENDA OF:** November 14, 2017 **DATE SUBMITTED:** November 10, 2017

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

**EXHIBITS:** Interlocal Agreement

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

---

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

---

**SUMMARY STATEMENT**

This Interlocal Agreement will provide City of Kerrville library services for all residents of Kerr County and enhance the services that Kerr County Animal Control officers provide within the city limits of Kerrville to include safely responding to stray and loose animals. Calls of this nature are currently being handled by Kerrville Police Department with the animals often being transported in the back of patrol cars. With the Interlocal Agreement in place, the transportation will be done by qualified personnel and in a vehicle that is specifically designed to safely transport the animals. Services will also be extended to evenings and weekends.

**RECOMMENDED ACTION**

Staff recommends approval of the Interlocal Agreement between the City of Kerrville and Kerr County regarding animal control services as presented.

**INTERLOCAL AGREEMENT BETWEEN KERR COUNTY,  
TEXAS AND THE CITY OF KERRVILLE, TEXAS FOR THE  
PROVISION OF ANIMAL CONTROL SERVICES WITHIN  
THE CITY OF KERRVILLE, TEXAS, AND SERVICES OF  
THE BUTT HOLDSWORTH MEMORIAL LIBRARY FOR  
RESIDENTS OF KERR COUNTY**

*This Interlocal Agreement for the Provision of Animal Control Services within the City of Kerrville, Texas, and Services of the Butt Holdsworth Memorial Library for Residents of Kerr County* (the “Agreement”) is entered into between Kerr County, Texas (“County”), and the City of Kerrville, Texas (“City”), and is effective as of January 1, 2018 (the “Effective Date”).

**WHEREAS**, Chapter 791 of the Texas Government Code (“The Interlocal Cooperation Act”) authorizes local government entities to enter into interlocal agreements for the provision of governmental functions and services; and

**WHEREAS**, Section 791.003 of the Texas Government Code specifically authorizes interlocal agreements for government functions and services, such as library, public health and welfare, and governmental functions in which the contracting parties are mutually interested; and

**WHEREAS**, the County and City are mutually interested in entering into an agreement whereby the County will provide animal control services within the City and the City will allow all County residents to access all services of its Butt Holdsworth Memorial Library; and

**WHEREAS**, each party, in performing governmental functions and services hereunder, shall perform those functions from current revenues legally available to that party; and

**WHEREAS**, each party finds that the execution and performance of this Agreement is in the common interest of both parties; that the terms of this Agreement will increase the efficiency and effectiveness of the delivery of services by each of the parties thereby benefitting the public interest; and that this Agreement effectively and fairly compensates the performing parties for the services or functions performed under the Agreement;

**NOW, THEREFORE**, in consideration of the recitals set forth above and covenants expressed herein, and in accordance with the Interlocal Cooperation Act, the County and City agree as follows with respect to the provision of animal control and library services:

**1. PURPOSE.** The intent of this Agreement is to establish the terms and conditions between County and City whereby County shall provide animal control services within the City and the City shall allow all Kerr County residents to access the City’s Butt Holdsworth Memorial Library (“Library”) and its services.

**2. TERM.** County and City shall commence the provision of its respective services under the Agreement on the 1st day of January 2018, regardless of the date of execution of this Agreement. The initial term shall end on September 30, 2018. Thereafter, this Agreement will automatically renew each year on October 1 and continue through September 30, for four such

one-year renewals, with a final termination date being September 30, 2022. Either party may terminate this Agreement within 180 days after the beginning of each fiscal year (e.g., October 1, 2018), by providing written notice of such termination to the nonterminating party. After March 31, 2018, the parties will evaluate the costs and programming of their respective services to determine the desire and feasibility for continuing this Agreement.

### **3. ANIMAL CONTROL SERVICES.**

- A.** County shall perform the following animal control services within the City's incorporated limits by and through its Kerr County Rabies and Animal Services Department pursuant to the following terms:
  - i. County shall provide all animal control services as required by law, including investigating citizen complaints; conducting periodic but daily patrols, 24 hours per day but excluding County holidays, to proactively enforce appropriate State animal-related laws; engaging in the impoundment of stray animals; investigating animal bite reports; quarantining of animals involved in bites; investigating allegations of animal cruelty; responding to animal neglect or injured animals; and euthanizing animals as necessary.
  - ii. County shall operate and maintain its existing animal control facility located at 3600 Loop 534 ("Facility") in accordance with applicable laws and to provide the services required in this Agreement. The Facility shall remain open to the public 8:00 AM to 5:00 PM, Monday through Friday, with closure for County holidays and other regularly scheduled times as designated by the County's Director of Animal Services.
  - iii. County shall accept stray dogs and cats at the Facility from the public and City employees for holding.
  - iv. County shall manage the reclamation of animals by owners and the adoption of unclaimed animals by the public.
  - v. County shall serve as the Local Rabies Control Authority for the City, pursuant to Section 826.017, Texas Health and Safety Code. The parties agree that the County's August 11, 2003, order regarding Animal Regulations of the Kerr County Commissioners Court, and any lawfully adopted successor orders, shall apply within the jurisdictional areas of the City.
- B.** City shall continue to respond to and investigate allegations of animal theft, animal noise complaints (e.g., barking dogs), and nuisance conditions pursuant to the keeping of animals within the City.

*Interlocal Agreement for Animal Control and Library Services  
between Kerr County and Kerrville*

- C. County is not responsible for the collection of dead animals from streets or rights-of-way within the City nor is it obligated to respond to wildlife issues as regulated by the Texas Parks and Wildlife Department.
- D. Where necessary and by mutual agreement of the parties, City may adopt all ordinances and resolutions necessary to give County and its personnel jurisdiction to provide animal control services within City pursuant to the terms of this Agreement where the providing of animal control services is authorized by law, and including the power to issue citations for violations of any ordinances pertaining to animal control regulations and the protection of animals and which pertain to services the County agrees to render in accordance with the terms of this Agreement. City shall continue to enforce those parts of its "Animal Regulations", as found in Chapter 18, Articles II and III, of the City's Code of Ordinances, that do not conflict with the services provided by the County, said regulations subject to amendment.
- E. City shall file citations and complaints regarding applicable violations occurring within the jurisdictional limits of the City through the City's Municipal Court. It is agreed that the appropriate personnel from County will be administratively directed to be present at such times as court sessions are set and cases involving said citations and complaints are on the court's docket, without the necessity for the issuance of a subpoena. City shall provide reasonable notice of any case settings to the County.
- F. County may charge fees to persons registering, licensing, reclaiming, or adopting an animal pursuant and subject to the budget approval process provided by State statute.
- G. City and specifically its police department, may, when called and/or available, provide support to County and its employees with respect to the County's provision of services under this Agreement where, in the City's sole discretion, a dangerous or threatening situation exists.
- H. In the event that County creates or is required by state law to have an advisory board for animal control or sheltering services, County agrees that City may appoint up to one-fifth (1/5) of the appointments to the board.

**4. LIBRARY SERVICES.** City, through its Library, shall assume the functions of a county library within Kerr County in accordance with Section 323.011, Texas Local Government Code, under the terms and conditions hereinafter stated:

- A. City shall maintain and be solely responsible for the ownership, control, and management of the Library.

- B. City shall maintain the accreditation of the Library in accordance with the Title 13 of the Texas Administration Code, Part 1, Chapter 1, Subchapter C, with services based upon a population estimate.
- C. The Library Advisory Board, as established by City and functioning in accordance with Chapter 66, Article II of the City Code of Ordinances, shall continue providing advice and recommendations to the City as to the operations of Library. Within 90 days of the full execution of this Agreement, City shall amend the membership make-up of the Library Advisory Board to provide that one member of the five-member board may be appointed by the County. Thereafter, and following a vacancy to the board, the County may appoint a member.
- D. City shall continue operating the Library in accordance with the existing days and times that it is open to the public and in accordance with the annual budgeted programming. City may change the standard operating days and times for holidays, building renovations and construction, weather conditions, and other unforeseen conditions at any time and without prior notice to the County.

**5. REPORTS AND ANNUAL REVIEW.** Each party shall provide a written summary of its operations pursuant to the respective services it is providing under this Agreement. Such reports shall be submitted to the other party on a quarterly basis as follows: on or before January 1, April 1, July 1, and October 1 of each year. In addition, the parties shall meet each year to review the services and operations required under this Agreement.

**6. DEFAULT.** In the event of default by either party in the performance of its respective obligations hereunder, and said defaulting party fails to cure such default within thirty (30) days after receipt of written notice from the nondefaulting party, the nondefaulting party, at its option, and without prejudice to any other remedy it may have for the defaulting party's breach of this Agreement, may terminate this Agreement not earlier than thirty (30) days after delivering written notice of termination to the defaulting party.

**7. INDEPENDENT OPERATIONS.** In the performance of obligations hereunder, each party has the exclusive right to supervise, manage, control, and direct its employees in the performance of its required services hereunder. Each party shall look to other party for results only and shall not have the right to direct the other party or any of its officers or employees in the performance of such services or as to the manner, means, or methods in which the services are performed except as herein expressly provided

**8. NO ASSIGNMENT.** This Agreement shall be binding upon parties hereto, provided, however, that neither party shall assign, sublet, or transfer their interest in this Agreement without the prior written consent of the other.

**9. APPLICABLE LAW.** This Agreement has been made in and shall be construed in accordance with the laws of the State of Texas. Venue shall be in Kerr County, Texas.

**10. NOTICE.** Notice to either party as provided herein shall be sufficient if sent by first class mail, postage prepaid to each party as follows:

**County Judge**  
**Kerr County Courthouse**  
**700 Main Street**  
**Kerrville, TX 78028**

**City Manager**  
**City of Kerrville**  
**City Hall, 701 Main Street**  
**Kerrville, TX 78028**

Or, to such other addresses as the parties may designate to each other in writing.

**11. WAIVERS AND IMMUNITIES.** Nothing herein shall be considered a waiver of any right, protection, or immunity of either party granted by the laws of the State of Texas, or any other statute, law or regulation and each party hereto expressly reserves all such rights, protection and immunity. All privileges and immunities from liability, exemptions from laws, ordinances and rules, pension, relief, disability, worker's compensation, and other benefits which apply to the activities of officers, employees, or agents of the parties when performing a function shall apply to such officers, employees, or agents to the same extent while engaged in the performance of any of their functions and duties under the terms and provisions of this Agreement. Each party reserves, and does not waive, its rights of sovereign immunity and rights under the Texas Tort Claims Act. The parties expressly agree that, in all things relating to this Agreement, each is performing a governmental function, as defined by the Texas Tort Claims Act. The parties further expressly agree that every act or omission of each party, which, in any way, pertains to or arises out of this Agreement falls within the definition of governmental function. Independent of, severable from, and to be enforced independently of any other enforceable or unenforceable provision of this Agreement, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY (NOR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM THE LATTER PARTY'S RIGHTS) FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES OF ANY KIND including lost profits, loss of business, or other economic damage, and further including injury to property, mental anguish and emotional distress AS A RESULT OF BREACH OF ANY TERM OF THIS AGREEMENT, REGARDLESS OF WHETHER A PARTY WAS ADVISED, HAD OTHER REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY THEREOF. Finally, each party acknowledges that the provisions of this Agreement were negotiated to reflect an informed, voluntary allocation between them of all risks (both known and unknown) associated with the transactions associated with this Agreement. The disclaimers and limitations in this Agreement are intended to limit the circumstances of liability. The remedy limitations, and the limitations of liability, are separately intended to limit the forms of relief available to the parties.

**12. INDEPENDENT CONTRACTORS.** County and City are independent legal entities. Nothing in this Agreement shall be construed to create the relationship of employer and employee, or principal and agent, or any relationship other than that of independent parties contracting with each other solely for carrying out the terms of this Agreement. Neither party nor any of their respective officials, employees, or agents shall control or have any right to control the activities of the other party in carrying out the terms of this Agreement.

**13. SEVERABILITY.** The parties shall observe and comply with all applicable federal, state, and local laws, rules, ordinances, and regulations affecting the conduct of services provided and the performance of obligations undertaken by this Agreement. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

**14. HEADINGS.** The headings of sections of this Agreement are for reference only and will not affect in any way the meaning or interpretation of this Agreement.

**15. ENTIRE AGREEMENT; AMENDMENTS.** This Agreement constitutes the entire understanding of the parties hereto and supersedes all prior or contemporaneous understandings, communications, or representations, whether oral or written, regarding the subject matter of this Agreement with respect to the subject matter hereof. No amendment, modification, or alteration of the terms shall be binding unless the same is in writing, dated subsequent to the date hereof and duly executed by the parties hereto. The parties reserve the right to amend this Agreement in the event either party should experience an unforeseen, significant impact to their respective budget allocated for the services addressed in this Agreement.

**IN WITNESS WHEREOF**, this Agreement has been executed on behalf of the Kerr County, Texas, by the County Judge, as authorized by the Commissioners Court, and on behalf of the City of Kerrville, Texas, by the Mayor, as authorized by of the City Council.

**CITY OF KERRVILLE, TEXAS**

By: \_\_\_\_\_  
Bonnie White, Mayor

Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Brenda G. Craig, City Secretary

**COUNTY OF KERR, TEXAS**

By: \_\_\_\_\_  
Tom Pollard, County Judge

Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Rebecca Bolin, County Clerk

*Interlocal Agreement for Animal Control and Library Services  
between Kerr County and Kerrville*

**APPROVED AS TO FORM:**



Michael C. Hayes, City Attorney

**APPROVED AS TO FORM:**

Heather Stebbins, County Attorney

## **Agenda Item:**

6F. Review trihalomethane (TTHM) reduction design report and direct staff regarding the finalization of engineering for the selected water treatment method. (staff)

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

**SUBJECT:** Receive Total Trihalomethane (TTHM) Reduction Design Report and direct staff regarding the finalization of engineering for the selected water treatment method

**FOR AGENDA OF:** November 14, 2017 **DATE SUBMITTED:** November 2, 2017

**EXHIBITS:** TTHM Design Report (Freese & Nichols, Inc.)

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

<b>Expenditure Required:</b>	<b>Current Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$ 0	\$ 0	\$ 0	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

## **SUMMARY STATEMENT**

By State mandate the City of Kerrville entered into EPA/TCEQ Stage 2 disinfection byproducts (DBPR) monitoring in October of 2013. These rules required water systems to begin analyzing for Total Trihalomethane (TTHM) at new lower EPA levels. TTHM's can form when naturally occurring organic materials in surface water are combined with chlorine (disinfectant).

Once elevated levels of TTHM's at the State appointed testing sites were identified, the City implemented recommended actions identified in the City's Water Master Plan to reduce TTHM's. The actions included: additional flushing of water lines, connecting dead-end lines, operating tanks at reduced/optimum levels, installation of aeration/mixing units at key storage tank sites, adjusting chemical feed rates and types at the water treatment plant, managing surface water production during warm and low flow river conditions. Although some improvement in levels have been realized, TTHM exceedances still occur on a regular basis due to high organic levels seen from the source water.

In April of 2017 the Kerrville City Council authorized a professional services agreement with Freese and Nichols, Inc. to develop a design report (Attached) to evaluate and design a treatment solution for the elevated TTHM's. The two methods evaluated were: (1) Chloramine disinfectant, (2) Granular Activated Carbon (GAC)

Contactors. Both treatment solutions are commonly used by the water industry to solve TTHM issues, and both have pros and cons associated with their use.

Chloramines (CH<sub>2</sub>Cl) are formed by adding ammonia and chlorine as a disinfectant to drinking water. Since chloramine is a weaker disinfectant than chlorine, it does not form TTHM's as rapidly as free chlorine.

Pros include:

- Low to medium cost (Construction: \$2,500,000; Annual: \$147,320)

Cons include:

- May have adverse effect on the ASR system & related aquifer (clogging, etc.)
- Production of other regulated/harmful disinfection byproducts
- Taste and Odor problems
- Increase in growth in water mains due to a weaker disinfection may lead to bacteria "positives" in the City's routine sampling, and/or annual "burn-outs" of the lines may be required
- Chlorine contact time may not be met at the Water Plant, requiring construction of a new clear well

Granular Activated Carbon (GAC) contactors are large cylinders filled with activated carbon. A percent of the surface water at the drinking water plant is diverted through the carbon filters, which absorb the naturally occurring organics from the water.

Pros Include:

- Highly effective at removing organic matter (including TTHM)
- Produces very pure/clean water
- No adverse effects to water quality or ASR system/aquifers
- Does not produce potentially toxic byproducts

Cons Include:

- Medium to high cost (Construction: \$4,100,000; Annual: \$408,000)

The TTHM report was provided to the Council in a draft format on October 17<sup>th</sup> during the Council Workshop focused on Water and Wastewater. The only significant change since that time has been a refined estimate for the construction and operating costs of each treatment system.

**RECOMMENDED ACTION**

Approve City Staff to proceed with the completion of engineering for one of the two options presented in the design report.

# DESIGN REPORT



Innovative approaches  
Practical results  
Outstanding service

10431 Morado Circle, Suite 300 • Austin, Texas 78759 • 512-617-3100 • fax 512-617-3101

<b>TO:</b>	City of Kerrville
<b>FROM</b>	Mark Graves, P.E.
<b>SUBJECT:</b>	Kerrville WTP THM Design Report
<b>PROJECT:</b>	Kerrville WTP THM Control Facility
<b>DATE:</b>	October 31, 2017
<b>CC:</b>	Evan Dart, David Sloan

[www.freese.com](http://www.freese.com)



FREESE AND NICHOLS, INC.  
TEXAS REGISTERED  
ENGINEERING FIRM  
F-2144

## 1.00 INTRODUCTION

The City of Kerrville has observed high concentrations of disinfection byproducts (DBPs) in the form of Total Trihalomethanes (TTHM) at the surface water treatment plant and various locations in the distribution system caused by high concentrations of total organic carbon (TOC) in the influent and effluent surface water. To mitigate formation of DBPs, the City tasked Freese and Nichols, Inc. [FNI] to analyze the current Water System Master Plan and disinfection strategies and develop recommendations for DBP mitigation in the distribution system. Analysis of the water distribution system and disinfection strategy and the recommended improvements for DBP mitigation are documented in this design report.

## 2.00 CURRENT SYSTEM ANALYSIS

### 2.01 WATER SYSTEM

The City of Kerrville's water distribution system consists of 207 miles of water lines, seven pump stations, eight ground storage tanks, three elevated storage tanks, four hydropneumatics system, five PRV zones, two aquifer storage and recovery (ASR) wells and eight groundwater wells. A map and schematic of the city's water system are displayed in Appendix A.

### 2.02 WATER SUPPLY

The City takes water from three sources including surface water from the Guadalupe River, native groundwater and stored water from ASR wells.

1. Surface Water (Guadalupe River)



The city is permitted to use up to 5.40 MGD of surface water from the Guadalupe River on a peak-day basis. The water taken from the Guadalupe River is treated at the City's water treatment plant. The City has minimal permitted raw water storage, and is not allowed to use the full permitted capacity during low river flow periods.

## 2. Groundwater

The City is permitted to use an average of 3.94 MGD of groundwater from the eight native groundwater wells, which draw water from the aquifer.

## 3. ASR

During low river flow periods, the City augments the supply with stored water from the ASR wells. The city produces surplus treated water during periods of high river flow and low water demand and injects the surplus into ASR wells for storage until needed. Withdrawal is through the same wells as injection.

## 2.03 DISINFECTION STRATEGY

The City currently uses free chlorine as a disinfectant in the water treatment process. There are two chlorine injection sites: one at the conventional treatment plant and one at the Zenon plant. The injection points at the conventional plant and Zenon plant have a flow-paced automated feeder (chlorinator). A schematic of the existing treatment setup is displayed in Figure 1. The high service pump station has pumps that go to three separate locations – ASR R-2 & Stadium Tank, Lois Tank, and Riverhill. The City also has chlorine injection points at all native ground water and ASR well discharge lines.

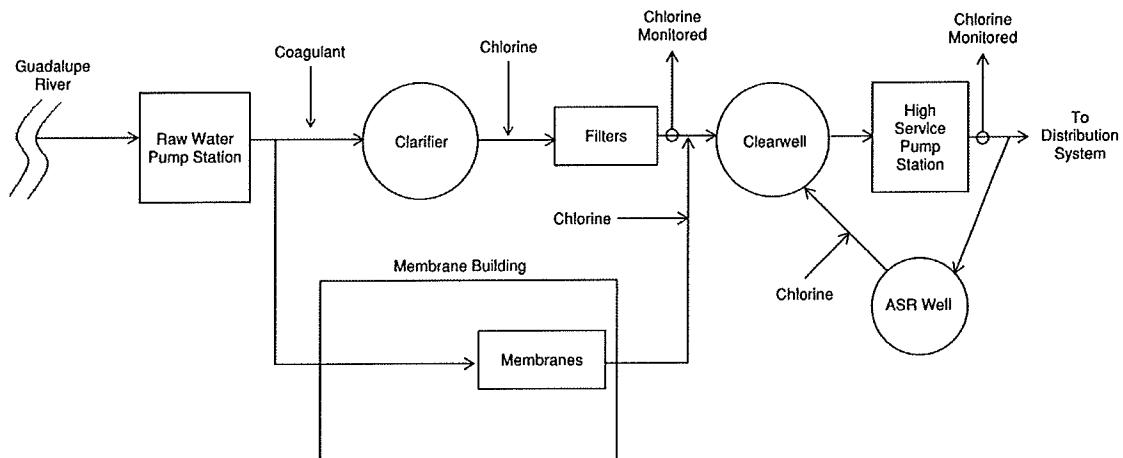


Figure 1. Existing Treatment Setup



## 2.04 HISTORICAL DATA ANALYSIS

### Historical DBP Data

DBPs are formed when chlorine reacts with organic matter in the water. The two relevant groups of regulated DBPs are trihalomethanes (THMs) and haloacetic acids (HAAs). DBPs are regulated by the Safe Drinking Water Act under the Disinfectants and Disinfection Byproducts Rule (DBPR). The rule requires the average concentration of total THMs (TTHM) in a distribution system not exceed 80 µg/L and 60 µg/L for the five regulated HAAs (HAA<sub>5</sub>). There are two stages of requirements and monitoring in the DBPR.

#### Stage 1 DBPR

During Stage 1, the City sampled for TTHM and HAA<sub>5</sub> at six locations in the distribution system. The DBP sampling locations are listed in Table 1. A map of the DBPR monitoring locations is shown in Appendix A.

**Table 1. Stage 1 DBPR Monitoring Locations**

Entry Point	Location
DBP1-01	2001 Lime Creek
DBP1-02	2020 Vista Ridge
DBP1-03	2307 Trails End
DBP1-04	2801 Comanche Trace
DBP1-05	518 Winged Foot
DBP1-06	725 Moore

DBPs were monitored using a running annual system average, as required in the Stage 1 DBPR. The City maintained compliance with the Stage 1 DBPR, with only one exceedance in October 2010.

#### Stage 2 DBPR

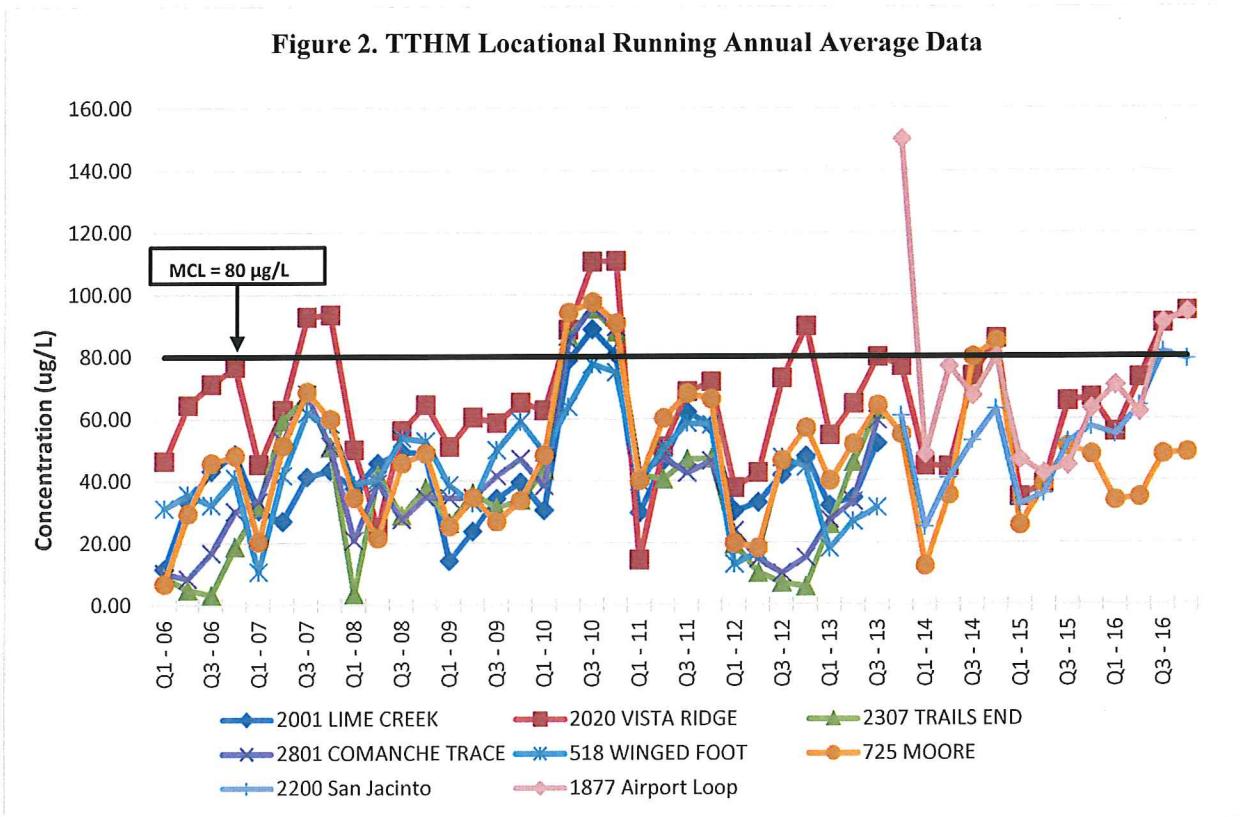
The City entered the Stage 2 DBPR monitoring plan in October 2013. Under Stage 2 requirements, four sample locations in the distribution system are required and the running annual average of each location is assessed, as opposed to the system average in Stage 1. The City selected two stations from the Stage 1 DBPR and two new locations. The Stage 2 Monitoring locations are listed in Table 2.

**Table 2. Stage 2 DBPR Monitoring Locations**

Entry Point	Location
DBP2-01	2020 Vista Ridge
DBP2-02 (new)	2200 San Jacinto
DBP2-03	725 Moore St.
DBP2-04 (new)	1877 Airport Loop

The City began collecting data at the selected Stage 2 sampling locations in the Fall of 2012. As a part of the Water Master Plan, FNI and the City used historical data at the Stage 2 sampling locations to assess historical compliance with Stage 2 rules. The data collected from 2006 – 2016 is shown in Figure 2.

**Figure 2. TTHM Locational Running Annual Average Data**



According to the Stage 2 DBPR, the City's distribution system was out of compliance for locational running annual average TTHM concentrations during multiple sampling events. The exceedances are listed for each location in Table 3. The majority of exceedances occurred during the third and fourth quarters when temperatures were higher.

**Table 3. Stage 2 DBPR Exceedances by Location**

Location	Number of Exceedances	Occurrences
2001 Lime Creek	2	2010 – Quarters 3, 4
2020 Vista Ridge (DBP2-01)	9	2007 – Quarters 3, 4 2010 – Quarters 2, 3, 4 2012 – Quarter 4 2014 – Quarter 4 2016 – Quarters 3, 4
2307 Trails End	3	2010 – Quarters 2, 3, 4
2801 Comanche Trace	3	2010 – Quarters 2, 3, 4
518 Winged Foot	0	N/A
725 Moore (DBP2-03)	4	2010 – Quarters 2, 3, 4 2014 – Quarter 4
2200 San Jacinto (DBP2-02)	1	2016 – Quarter 3
1877 Airport Loop (DBP2-04)	3	2013 – Quarter 4 2016 – Quarters 3, 4

## **2.05 OPERATIONAL MODIFICATIONS AND FACILITY IMPROVEMENTS**

To reduce TTHM levels, the City implemented operational modifications and facility improvements based on recommendations from FNI's assessment of THM formation in the distribution system. FNI identified water aging as a significant factor in THM formation. FNI recommended a multifaceted approach to reduce THM formation, including installing new water lines to reduce dead end lines and water age, in-tank THM removal systems and modifying water treatment plant (WTP) operations. Table 4 includes a list of capital improvements that were recommended to reduce THM formation.

**Table 4. Capital Improvements for TTHM Reduction**

Decommission Spur 100 Tank
TTHM Removal System at Stadium Tanks
New 12-inch River Crossing Water Line
New 12-inch College Cove Water Line
TTHM Removal System at Kerrville North Tank
TTHM Removal System at Ridgewood Tank

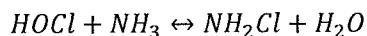
Despite the improvements implemented, the City has still experienced exceedances for TTHM.

## 3.00 TTHM REDUCTION ALTERNATIVES

FNI investigated two additional alternatives to reduce TTHM formation in the City's distribution system: Conversion to chloramines as a disinfectant, and granular activated carbon (GAC) filtration.

### 3.01 CHLORAMINES

Chloramines are a group of compounds that form from the mixing of ammonia and chlorine in water. The group of compounds is split into four categories: monochloramines, dichloramines, trichloramines and organic chloramines. Chloramines are a common drinking water disinfectant in Texas; 1,200 of the 7,000 potable water systems in Texas distribute water with chloramines (TCEQ 2015). The most desirable chloramine compound for drinking water disinfection is monochloramine.



**Equation 1. Monochloramine Formation Chemistry**

Monochloramines dominate when the Cl:N mass ratio is between 1:1 to 5:1 and the pH is above 8.

#### Advantages

Chloramines have a persistent residual and are effective in reducing DBP concentrations in water systems. Chloramines are less reactive with organic matter than chlorine, and thus reduce formation of THMs and HAAs.

#### Disadvantages

The Cl:N mass ratio and pH are critical to the desired formation of monochloramine. Deviations can result in formation of the less desirable dichloramine ( $NHCl_2$ ) and trichloramine ( $NCl_3$ ) at Cl:N mass ratios greater than 5:1 and pH levels below 8 (TCEQ 2015). Dichloramine and trichloramine are less stable products and cause taste and odor issues when present in water (TCEQ 2015).

Nitrification can occur if there is excess ammonia present in the water. Issues that can occur because of nitrification in distribution systems include depletion of disinfectant, nitrite/nitrate formation, dissolved oxygen depletion, pH and alkalinity reduction, and bacterial growth. Nitrite/Nitrate are compounds regulated under the Safe Drinking Water Act (SDWA).

Use of chloramines will require additional regulatory monitoring and reporting including the creation of a Nitrification Action Plan (NAP) to prevent or minimize nitrification. The NAP must contain



specific plans for monitoring free ammonia, monochloramine, total chlorine, nitrite and nitrate levels. The NAP must also contain specific action levels for the monitored chemicals where action must be taken and contain specific correction actions. Prior to conversion to chloramines the water system must provide notification to consumers by mail or direct delivery at least 14 days before the change.

An additional concern is the potential to form other disinfection by-products which are sometimes associated with chloramination, most notably nitrosamines such as NDMA. Although not currently regulated, nitrosamines have been studied by EPA and others over an extended period, and there is increasing momentum for development of an NDMA limit or broader nitrosamine limits. No specific information has been determined for nitrosamine formation potential in Kerrville's water supply.

### **Chloramines and ASR**

There are very few examples of water treated with chloramines being injected into ASR wells. One such example was the Peace-Manasota Regional Water Authority in Florida (Singer et al. 1993). The Peace-Manasota Regional Water Authority uses surface water from the Peace River for treatment and distribution. The water goes through a treatment process that includes alum coagulation, sedimentation and filtration. Chlorine is added at a dose of 8-10 mg/L after sedimentation and ammonia is added 15 minutes downstream. The pH is adjusted to 8.3 prior to filtration to optimize monochloramine formation. The chloraminated water is then injected into a brackish sandy limestone artesian aquifer (Singer et al. 1993).

In the study by Singer et al. on the effects of storage time in ASR wells on TTHMs and HAAs, the TTHM, THAA, dissolved oxygen, nitrate-N, and ammonia-N concentrations were analyzed over a period of 107 days. Ammonia was present at 0.9 mg/L in the recharge water due to the chloramination process. The nitrate concentration initially rose after recharge, which is indicative of nitrification. After 21 days, the nitrate concentration decreased to below 1 mg/L, which suggests denitrification occurred between days 1 and 21. No further nitrate production was noted after day 21 of storage, even though ammonia was present throughout the duration of the study. The authors concluded that the aquifer was under anoxic conditions, since anoxic conditions are required for denitrification to occur (Singer et al. 1993). Singer et al. analyzed the Kerrville ASR system and observed denitrification during the study period. Denitrification observations indicate the Kerrville ASR is under anoxic conditions as well.



An analysis of all known ASR systems in the United States in 2013 was conducted by Bloetscher et al. to determine common problems with ASR operations. The primary issues identified with ASR operations were well clogging, metal leaching/water quality, and disinfection byproduct formation (Bloetscher et al. 2015).

There are three types of clogging that can occur with ASR: particulate, chemical, and biological (Bloetscher et al. 2015). There are 29 inactive ASR systems that identified clogging as an issue, including 11 inactive ASR systems that identified clogging as the main reason for abandonment of the system. However, the source water for the majority of the systems was untreated surface water. Injecting surface water can cause clogging due to biofouling and particulates in the injected water (Bloetscher et al. 2015). The City would not have a similar issue since the source water is treated drinking water.

Chemical clogging/water quality issues often result from chemical differences between the injection water and the native groundwater (Bloetscher et al. 2015). The geochemical equilibrium can be disrupted and result in leaching of metals and precipitate formation (Bloetscher et al. 2015). Chemical differences between the injection water and native water include ion content and pH. In the study of the ASR systems by Bloetscher, seventeen of the inactive sites reported water quality changes, largely due to metal leaching into the water. Chemical compatibility between water treated with chloramines and the Kerrville ASR system water should be further investigated to determine the effects on water quality.

Biological fouling is a concern with chloramines since free ammonia is present in water treated with chloramines. However, as noted in the Peace Manasota Regional Water Authority example of ASR with chloraminated water, nitrification and denitrification only occurred in the first 21 days of storage in the aquifer. Since the Kerrville ASR system is also under anoxic conditions, a similar outcome can be expected for chloraminated water in the Kerrville ASR system.

Disinfection byproduct formation occurs with ASR systems that inject water treated with chlorine into aquifers with sufficient organic matter for the reaction to occur (Singer et al. 1993). Disinfection byproduct formation would be reduced with chloramines, since chloramines do not readily react with organic matter.

### **Chloramines Design**

Conversion to chloramines will require additional chemical injection points for liquid ammonium sulfate (LAS). The chemical injection sites are listed in Table 5. Free chlorine must be maintained in the clearwell to meet disinfection CT requirements. Therefore, the SWTP will require the capability to dose LAS at four separate points to convert free chlorine in the clearwell to chloramines for the three separate locations that are served by the high service pumps plus the ASR.

**Table 5. LAS Chemical Injection Sites**

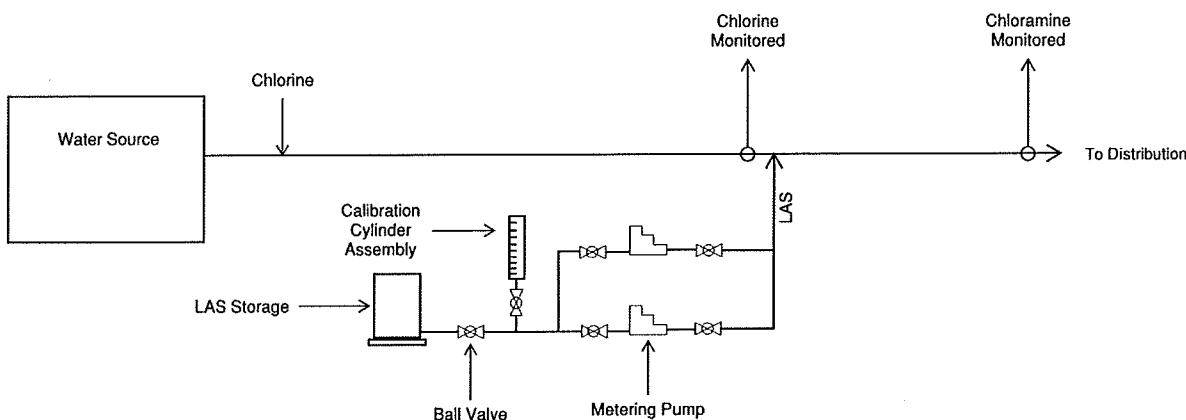
<b>Injection Location</b>	<b>Expected Flow (gpm)</b>
Harper Well	750
Lois Well	740
Alpine Well	198
Meadowview Well	820
Hays Park Well	500
H Street Well	470
Travis St. Well	500
Methodist Encampment Well	930
SWTP - High Service PS	5600
ASR #2	700

TCEQ 290.42(e)(7)(A)(i) requires that “when chlorine and ammonia are added to distribution water that has a free chlorine residual, chlorine should be added first.” Since chlorine injection points are already established, the ammonia injection point will be downstream of the existing chlorine injection points throughout the distribution system. The water drawn from the ASR well will contain chloramines, since the water in the ASR system is treated plant water. According to TCEQ 290.42(e)(7)(A)(i), when chlorine and ammonia are added to water that has a chloramine residual, ammonia should be added upstream of the chlorine. The ASR well discharge line injection points will be configured to inject ammonia upstream of chlorine. The minimum required chloramine residual at all points in the distribution system is 0.5 mg/L according to TCEQ 290.46(d)(2)(B). A maximum dose of 3 mg/L was used to calculate projected chemical storage needs. The results are presented in Table 6.

**Table 6. Chlorine and LAS Storage and System Calculations for Entire Water System Capacity**

Design Flow Rate (MGD)	11.86
Chlorine Dose (mg/L)	3
Days of Storage	15
Chlorine Feed Rate (lbs/day)	296.74
Chlorine:Ammonia Ratio	4:1
Ammonia Required (lbs./day)	74.18
LAS Feed Rate (lbs/day)	720.24

A chemical feed/storage building and an injection vault will be required for each site with ammonia injection. A schematic of an example chloramine disinfection system is displayed in Figure 3.



**Figure 3. Chloramine Disinfection System Schematic**

### 3.02 GAC CONTACTORS

GAC is made from thermal activation of organic materials with high carbon content, which creates pores in the structure of the organic material (EPA). The pores produced during activation serve as adsorption sites for organics. The high porosity provides a large surface area for adsorption, which makes activated carbon an effective treatment method for organics removal (EPA). GAC can also be used as a filter to remove solids.

#### Advantages

GAC filters are highly effective at removing organic matter, which in turn reduces DBP formation. GAC systems are operationally reliable and can be integrated into an existing water treatment system.

### **Disadvantages**

The main disadvantage with GAC systems is cost. GAC systems require either carbon regeneration or purchase of new activated carbon to maintain removal efficiency. Carbon regeneration is typically accomplished by heating the spent carbon to release the organics sorbed to the activated carbon sorption sites. The thermal regeneration process removes the sorbed organics and opens up the sorption sites so the carbon can be used for organics removal again. The process for carbon regeneration or purchase of new activated carbon can be a significant annual cost for a GAC system.

### **GAC Calculations for TOC Reduction**

The EPA's *Empirically Based Models for Predicting Chlorination and Ozonation By-Products: Trihalomethanes, Haloacetic Acids, Chloral Hydrate and Bromate*, Chapter 5 *Trihalomethane Models*, was used to calculate the TOC reductions required to ensure the TTHM in the distribution system remained below the required of 80 µg/L. TTHM formation is higher with increased TOC, temperature, and chlorine dose. Appendix B contains additional information on the calculations and influence of the variables.

$$\text{TTHM} = 7.21 \times \text{TOC}^{0.004} \times \text{UV254}^{0.534} \times (\text{Cl}_2 \text{ Dose} - 7.6 \times \text{NH}_3\text{-N})^{0.224} \times t^{0.255} \times (\text{Br} + 1)^{2.01} \times \text{Temp}^{0.480} \times (\text{pH}-2.6)^{0.719}$$

#### **Equation 2. TTHM Formation Equation**

To calculate the desired finished faucet TOC concentration, equation (2) was used to calculate the TOC concentration required that would result in a TTHM concentration of 70 µg/L in the distribution system. The desired TOC concentration was calculated to be 0.80 mg/L. 70 µg/L was used as the target TTHM concentration to conservatively maintain the running annual average concentration in the distribution system below the allowed 80 µg/L per TCEQ requirements. Assuming 80% of TOC is removed from the water treated by the GAC filter, at high summer conditions for TOC concentration and TTHM formation it was determined that it would require 2.5 MGD to be treated by the GAC filter out of 3.5 MGD moving through the plant to have a resultant TTHM concentration of 70 µg/L in the distribution system. The level of treatment in this example assumes all water present during TTHM formation and sampling is from surface water with relatively high TOC and TTHM formation potential. However, actual conditions in the distribution system include periods when a significant portion of the water is from groundwater without TOC, the average TOC is lower, and lower temperatures resulting in lower TTHM formation.

A GAC treatment capacity of 3.0 MGD was selected to provide GAC treatment capacity for almost the entire annual average flow from the existing surface water treatment plant. During high capacity periods the GAC system will treat a portion of the total flow and reduce the peaks in TTHM formation to provide overall annual average TTHM concentrations below 70 µg/L for the total surface water production. As an example, the peak locational running annual average TTHM was 110 µg/L at the Vista Ridge location at two points during the 2010 sampling year. If a GAC system treating 3.0 MGD were operational during this period it would be capable of decreasing the TTHM formation by 40% or more resulting in an annual average TTHM at the worst case location of 66 µg/L or less.

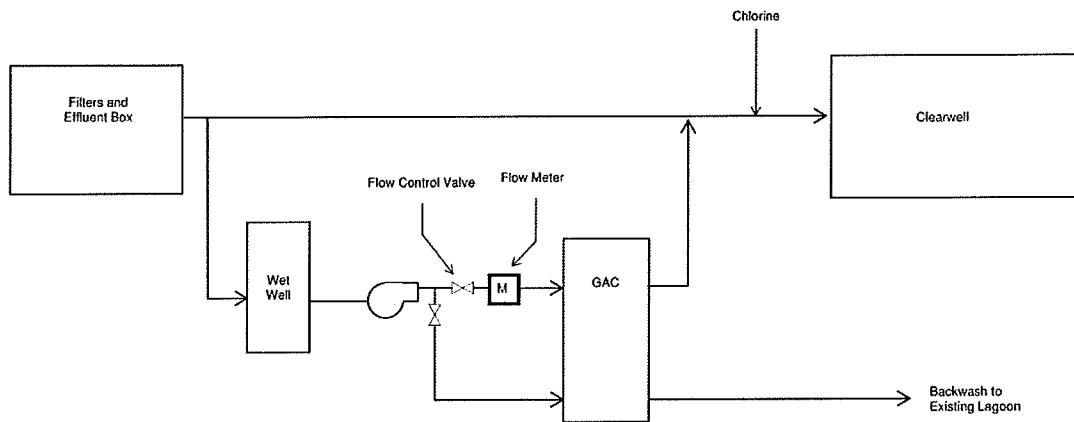
## **GAC Design**

### **Sizing**

The design criteria for GAC sizing are breakthrough, empty bed contact time (EBCT), and design flowrate (EPA). Breakthrough is the amount of time it takes for the concentration of the compound removed (in the GAC filter effluent) to exceed the maximum desired concentration (EPA). EBCT is defined as the empty bed volume divided by the flowrate. EBCT is typically 5-25 minutes for water treatment (EPA). An empty bed contact time of 15 minutes was selected to balance system size for capital cost with GAC change out frequency and the capability to adequately remove TOC.

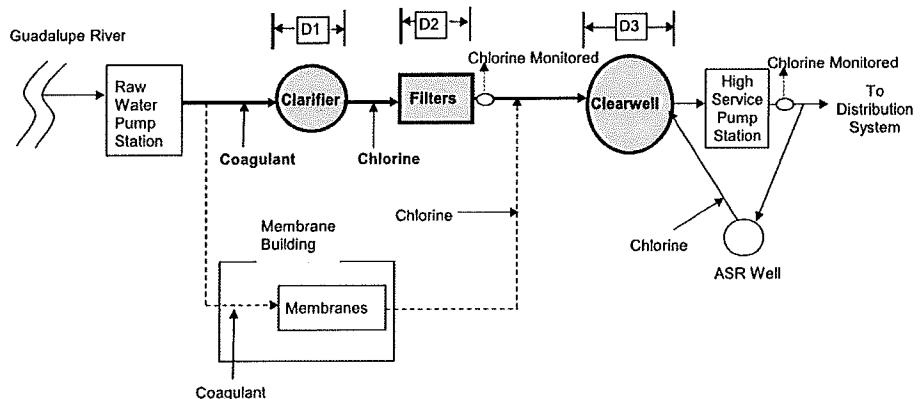
### **Configuration**

GAC units can be oriented in three ways: downflow, upflow, or pulsed beds. The units can also either be fixed bed or moving bed systems. Fixed-bed, downflow units are often used for organics removal for liquids with low to moderate concentrations of organics (EPA). A GAC unit is typically placed after the filtration unit or acts as an adsorption/filtration unit in a water treatment process. A GAC unit placed after the filtration process is typically intended to remove dissolved organics from water. The selected configuration consists of contactors after the existing filters with three vertical, fixed-bed, downflow pressure GAC contactor vessels each with 40,000 pounds of GAC. A schematic of the proposed GAC integration is shown in Figure 4.



**Figure 4. GAC Integration Schematic**

Currently, chlorine is dosed prior to the filters and chlorine residual is monitored after the filters as shown in Figure 5 from the existing CT Study. Chlorine will degrade the adsorption capacity of GAC. Therefore, modifications will be required to the disinfection CT to change the typical chlorine dosing and monitoring point to downstream of the point where water is diverted for treatment through the GAC. An evaluation of the existing CT Study indicates that full required disinfection CT can be achieved through just the clearwell (Zone D3) at maximum flow of 5.4 MGD when the temperature is 11° C (52° F) or higher. The existing disinfection zone D2 through the filters will need to be maintained as an option for achieving disinfection CT at higher flows during low temperature conditions. During these low temperature conditions the GAC system will not be utilized to prevent degradation of the GAC media by free chlorine.



**Figure 5. Existing CT Study Schematic**



The existing clearwell is located directly adjacent to the Guadalupe River where the ground surface elevation is around 1634 and the existing clearwell maximum water surface elevation is 1639'. Note that the existing clearwell and high service pump station elevations are below the 100-year flood plain elevation of 1649' for the water treatment plant site as determined by the Federal Emergency Management Agency in a study updated in the year 2000 (Flood Insurance Study Kerr County, Texas and Incorporated Areas", Revised July 19, 2000). Construction of a GAC contactor system adjacent to the existing clearwell will have to take into consideration the flood plain and be approved by TCEQ.

## 4.00 COST ESTIMATES

### 4.01 CONSTRUCTION COST COMPARISON

#### **Chloramines**

The construction costs to convert to chloramines will include materials for the LAS systems and LAS injection vaults, piping, connections, site work, and electrical/SCADA/instrumentation. The costs are outlined in the Table 7 below.

**Table 7. Chloramine Conversion Construction Estimate**

<b>Total</b>	<b>\$2,500,000</b>
--------------	--------------------

#### **GAC**

The construction costs for the GAC system include GAC units, carbon transport system, pump station for GAC system feed and backwash, yard piping, site work, and electrical/SCADA/Instrumentation. The cost for the GAC system is outlined in Table 8.

**Table 8. GAC Construction Estimate**

<b>Total</b>	<b>\$4,100,000</b>
--------------	--------------------

### 4.02 LIFE CYCLE COST COMPARISON

The life cycle costs for each technology includes annual materials and maintenance. The life cycle costs for chloramines and GAC are outlined in Table 9 and Table 10, respectively. The replacement of GAC is figured to occur two times per year on an average annual basis with the actual rate varying

depending on TOC concentrations and amount of water treated through GAC (calculations in Appendix B). A replacement GAC cost of \$1.70 per pound of GAC is assumed based on vendor information.

**Table 9. Chloramines Life Cycle Annual Cost**

Description	Cost (\$/year)
Materials/Maintenance	\$47,320
Additional Monitoring and Testing	\$100,000
<b>Total</b>	<b>\$147,320</b>

**Table 10. GAC Life Cycle Annual Cost**

Description	Cost (\$/year)
Materials/Maintenance	\$408,000
<b>Total</b>	<b>\$408,000</b>

## 5.00 RECOMMENDATION

The Kerrville distribution system is a complex system consisting of multiple groundwater wells and ASR wells in addition to the surface water treatment and distribution facilities. The conversion to chloramines would require modifications at all chlorine addition facilities to include ammonia storage and feed equipment along with injection site and monitoring point improvements. Additional considerations for the conversion to chloramines are regulatory monitoring and reporting per the latest TCEQ rules that require a Nitrification Action Plan. There may be additional chlorine boosting required in the distribution system to adequately maintain chloramine residual due to the potential for long detention times in the diverse distribution system. A potentially large issue is the possible impact of utilizing chloramines in the ASR systems and the possibility of additional fouling or plugging of the aquifer due to biological growth that may be associated with excess ammonia. Although there is at least one other ASR system that has successfully utilized chloramines, the practice is rare and would require additional consideration if chloramines are to be utilized. The installation of GAC treatment is recommended based on the analysis of the potential drawbacks of conversion to chloramines.

### GAC Advantages Compared to Chloramines

- Reliably remove TOC to meet TTHM reduction goals.
- Regulatory reporting requirements are not as great as changes and requirements for conversion to chloramines.
- Potential for chloramines to impact ASR water quality and plugging aquifer.

### GAC Disadvantages Compared to Chloramines

- Capital costs are higher and the cost to replace GAC is higher.
- Will require moving chlorine addition and monitoring points so chlorine is not added prior to diverting water to the GAC system.
- Construction of GAC contactor system in the flood plain will have to be evaluated and approved by TCEQ.

An additional recommendation to further define the TTHM formation in the system is to conduct a round of water sampling and testing to include testing TOC and TTHM of water from the two ASR wells in addition to TOC and TTHM from the locations typically sampled.

## 6.00 REFERENCES

1. *Chloramines 101*. Texas Commission on Environmental Quality. October 2015.  
[https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/Chloramines101\\_for\\_WEB.pdf](https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/Chloramines101_for_WEB.pdf)
2. Singer, P.C., Pyne, D.G., Mallikarjun, AVS, Miller, C.T., Mojonnier, C. (1993). Examining the Impact of Aquifer Storage and Recovery on DBPs. *Journal – American Water Works Association*, 85 (11), 85-94.
3. Bloetscher, F., Sham, C.H., Danko, J.J., Ratick, S. (2013). Status of Aquifer Storage and Recovery in the United States – 2013. *British Journal of Science*, 12 (2), 70-88.
4. Granular Activated Carbon. *United States Environmental Protection Agency – Drinking Water Treatability Database*.  
<https://iaspub.epa.gov/tdb/pages/treatment/treatmentOverview.do?treatmentProcessId=2074826383>

## 7.00 APPENDICES

- Appendix A. Figures
- Appendix B. Detailed Calculations
- Appendix C. Detailed Cost Estimates

## **Appendix A – Figures from Water Master Plan**

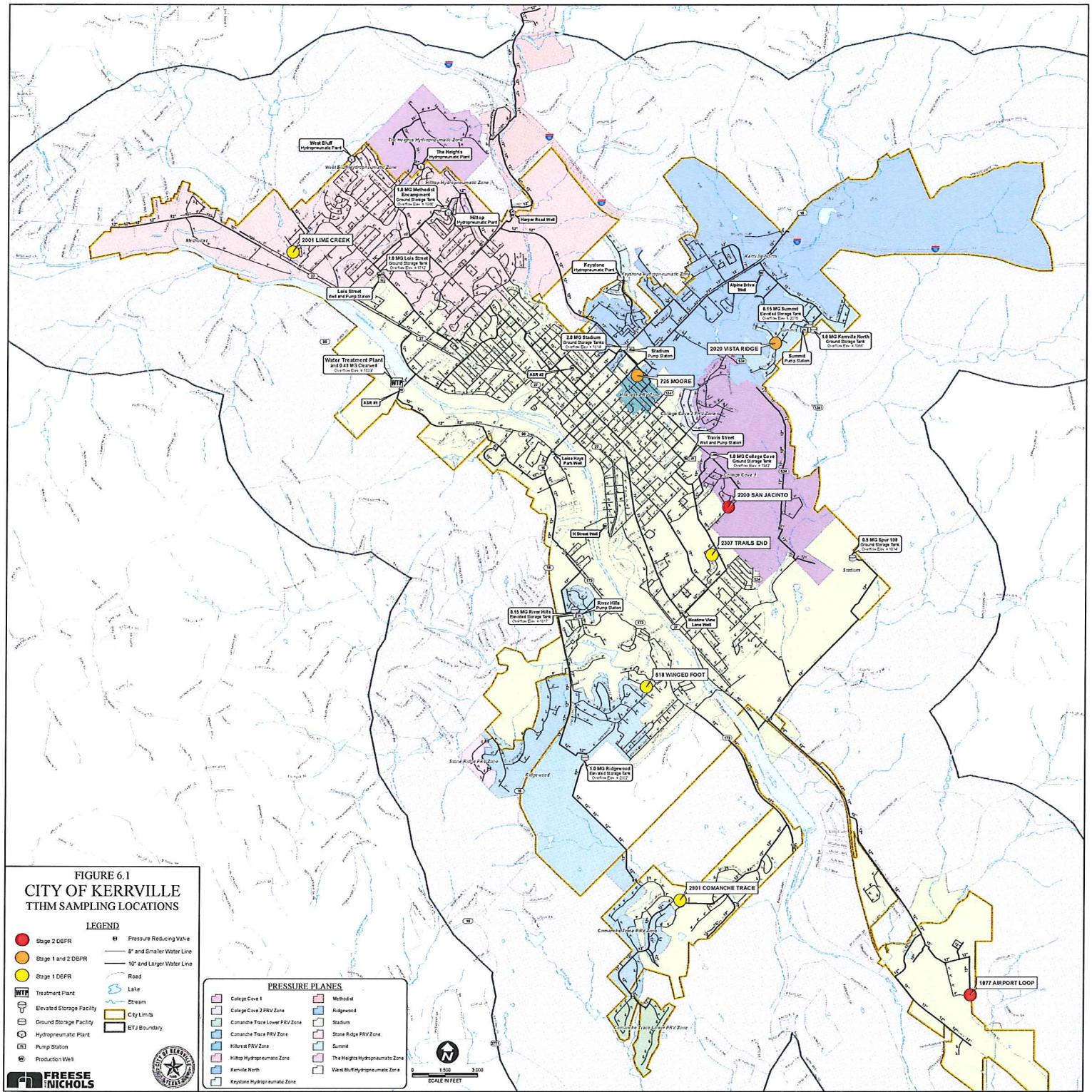
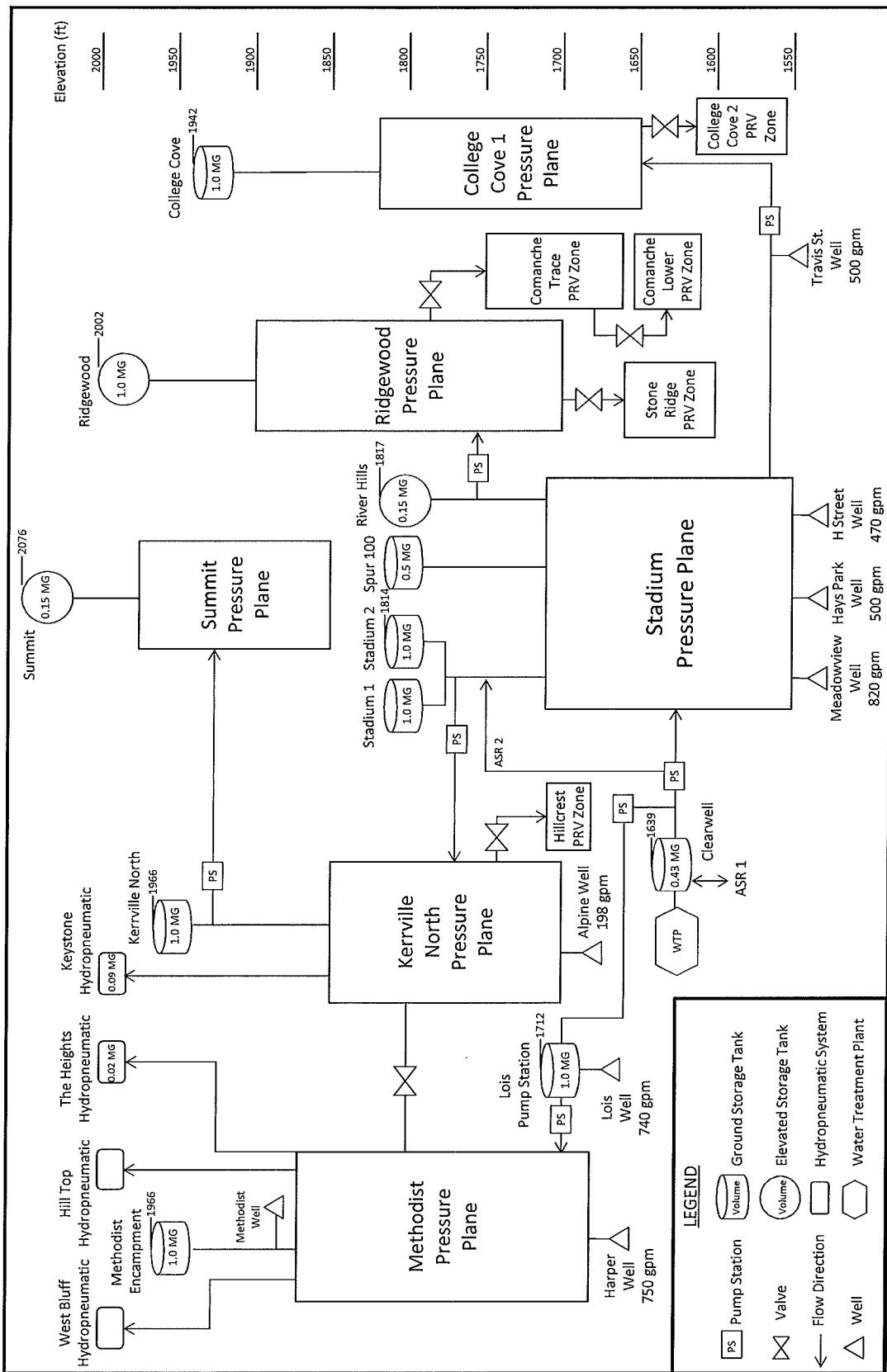
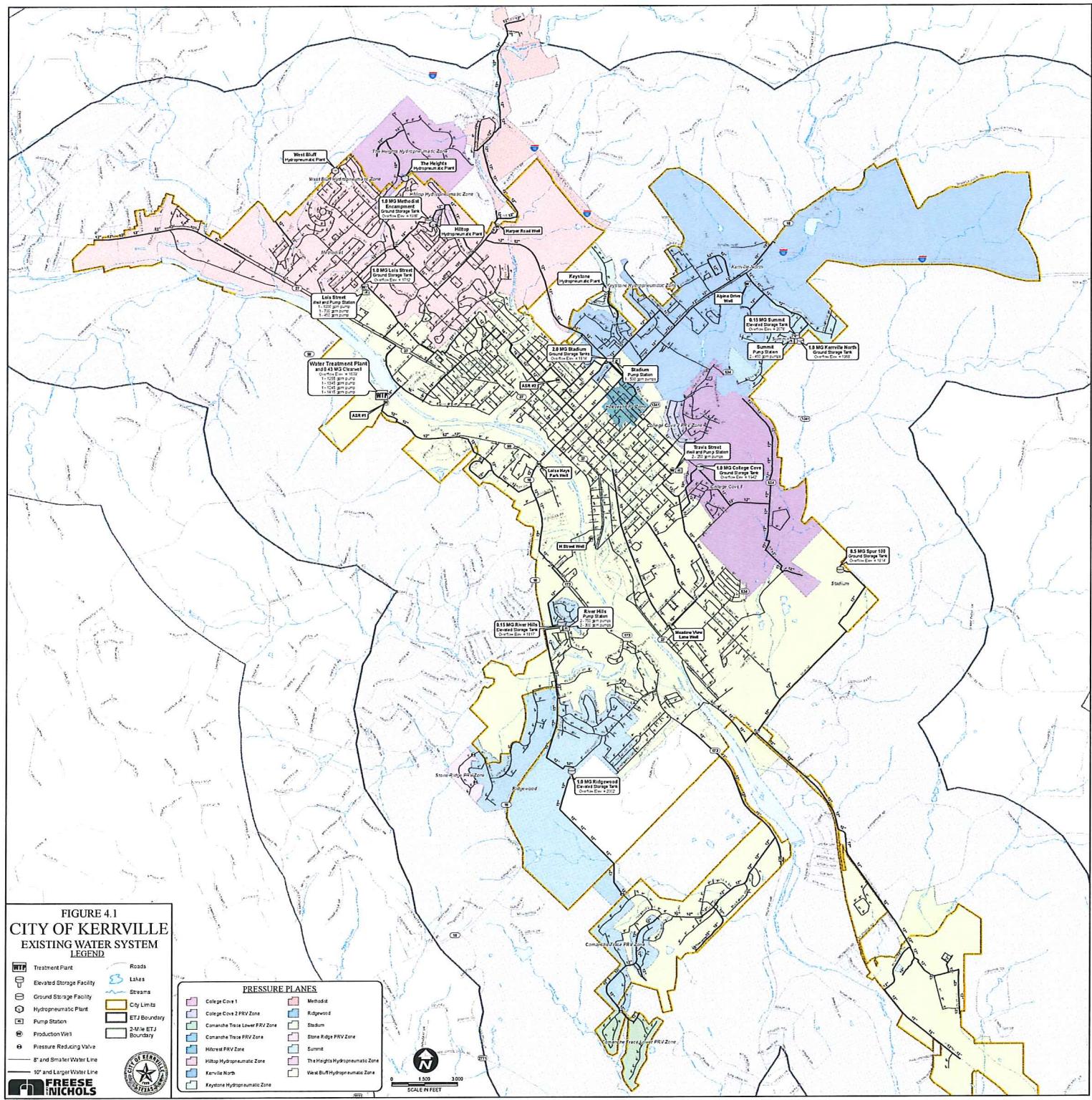


Figure 4.2 Existing Water System Schematic





## **Appendix B – Detailed Calculations**



**FRESE  
AND  
NICHOLS**

Innovative approaches  
Practical results  
Outstanding service

**PROJECT NAME:** Kerrville THM Reduction Facility  
**PROJECT NUMBER:** KER17340

**DATE:** 9/17/2017

**BY:** ESD

**CHECK:** MG

**Conditions**

Min. Influent Chlorine Residual = 0 mg/l  
Target Chlorine Residual = 3 mg/l

Target Chlorine Dose = 3 mg/l

**Chlorine Requirements**

$$PPD = Q \times Dose \times 8.34$$

$Q_{max}$  11.86 MGD  
 $Dose_{max}$  3 mg/l  
 $PPD_{max}$  296.74 lbs/day

50% Overfeed 445.1058 ppd

Chlorinator Size 150 ppd  
Turndown 10 %  
Min Feed Rate 15 ppd

**LAS Requirements**

Ammonia/Chlorine Ratio	0.25	50% Overfeed	1080.35 ppd
PPD Ammonia	74.18		
LAS/Ammonia Ratio	0.10		
PPD LAS	720.24		
Cost (\$/lb LAS)	\$0.18		
Annual Cost	\$47,319.50		

**Definitions**

TTHM = TTHM concentration in ug/l

TOCo = Finished water total organic carbon in mg/l

pH = Chlorinated water pH, pH after alum addition

Cl2D = Cl2 dose in mg/l

NH3-N = ammonia concentration (mg/l) as N

t = time (h) = Residence time in plant (4 hrs) + distribution system residence time (24 hrs) = 28 hrs

Br = bromide ion concentration (mg/l)

Temp = Temperature (C)

UV254 = UV absorbance at 254 nm (cm<sup>-1</sup>)

$$\text{TTHM} = 7.21 \times \text{TOCo}^{0.004} \times \text{UV254}^{0.534} \times (\text{Cl2 Dose} - 7.6 \times \text{NH3-N})^{0.224} \times t^{0.255} \times (\text{Br} + 1)^{0.201} \times \text{Temp}^{0.480} \times (\text{pH} - 2.6)^{0.719}$$

Equation assumes that free chlorine is the disinfectant for chloramines take 20% of by-products formed

For Chloramines

$$\text{TTHM} = \text{TTHM from free chlorine} \times 20\%$$

Month	Average temp		
	F	C	
January	62	16.7	
February	65	18.3	
March	72	22.2	
April	80	26.7	
May	87	30.6	
June	92	33.3	
July	96	35.6	
August	97	36.1	
September	91	32.8	
October	82	27.8	
November	71	21.7	
December	63	17.2	

**Page Notes:**

1 Chlorine dose developed from plant operating data.

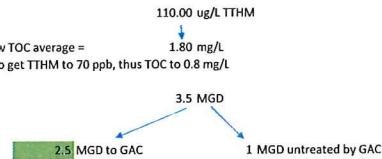
Finished TOC= 1.8 mg/L  
Raw TOC= 2.744739 mg/L

\*As is, [TOC] is reduced in the WTP. This calculation is to determine the additional [TOC] that would be removed by the GAC to reduce [TOC] levels to ensure [TTHM] levels will not exceed 70 ug/L in the distribution line

Problem

WTP Raw TOC average = 110.00 ug/L TTHM  
Goal is to get TTHM to 70 ppb, thus TOC to 0.8 mg/L

Average Daily Demand of Surface water=



Assuming an 80% TOC reduction due to GAC; the treated TOC concentration is:

The final concentration treated by GAC and the flow that did not get treated by GAC will yield a TOC concentration of 0.36 mg/L 0.771429 mg/L = 69.8 ug/L of TTHM

Results from evaluation indicated that to meet a TTHM goal of less than 70 ug/L at typical temperature of 77 DegF and 72 hour detention, the GAC contactors will need to reduce TOC level to:

Treated TOC level = 0.80 mg/L  
Average influent TOC = 1.80 mg/L

Average TOC removed = 1.00 mg/L

Average treated flow = 3 MGD Assumed 3 MGD system size

Average TOC daily removal = 25.0 lbs/day 1440 minutes = 1 day  
1 MG = 133681 cu ft

Average yearly TOC removal = 9,132 lbs/year

Assumed Empty Bed Contact Time = 12.8 min

#### Contactor size based on Calgon information

GAC Volume  
Number of contactors = 3  
Contactor volume (each) = 1,185 cu ft  
Contactor volume (total) = 3,555 cu ft

GAC Density  
39993.75  
33.75 lbs/cu ft  
Normalized TOC Removal  
20 grams TOC/pounds of GAC 0.002205 lbs = 1 gram

Pounds of TOC  
5290.261 lbs  
Life Span of GAC  
0.579291 years  
211.4413 days

## **Appendix C – Detailed Cost Estimates**



**FRESE  
AND NICHOLS**

Innovative approaches  
Practical results  
Outstanding service

## OPINION OF PROBABLE CONSTRUCTION COSTS

PROJECT TITLE	Kerrville THM Control Facilities	DATE	10/31/2017
CLIENT	City of Kerrville	GROUP	1147
% OF SUBMITTAL	Conceptual	PM	Mark Graves

ESTIMATOR	QC CHECKED BY	FNI PROJECT NO.
Evan Dart	David Sloan	KER17340

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
1	GAC Vessel System (from Calgon)	1	LS	\$ 850,000.00	\$850,000
2	Manifold Connection for GAC Vessels	1	EA	\$ 187,500.00	\$187,500
3	Feed and Backwash Lift Station	1	LS	\$ 800,000.00	\$800,000
4	Yard Piping	1	LS	\$ 200,000.00	\$200,000
5	Stormwater, Civil/Site Work, and Roadway	1	LS	\$ 150,000.00	\$150,000
6	Electrical, SCADA, and Instrumentation (20% of Project Subtotal)	1	LS	\$ -	\$437,500
				SUBTOTAL:	\$2,625,000
				OH & P	15% \$393,750
				SUBTOTAL:	\$3,018,750
				MOBILIZATION	5% \$131,250
				SUBTOTAL:	\$3,150,000
				CONTINGENCY	30% \$945,000

PROJECT TOTAL	\$4,095,000
---------------	-------------

NOTES:



Innovative approaches  
Practical results  
Outstanding service

## OPINION OF PROBABLE CONSTRUCTION COSTS

PROJECT TITLE	Kerrville THM Control Facilities	DATE	10/31/2017
CLIENT	City of Kerrville	GROUP	1147
% OF SUBMITTAL	Conceptual	PM	Mark Graves

ESTIMATOR	QC CHECKED BY	FNI PROJECT NO.
Evan Dart	0	KER17340

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
1	LAS System and Building	10	EA	\$ 81,250.00	\$812,500
2	Piping and Connections	1	LS	\$ 187,500.00	\$187,500
3	Concrete LAS Injection Vault	10	EA	\$ 9,500.00	\$95,000
4	Stormwater, Civil/Site Work, and Roadway	1	LS	\$ 180,000.00	\$180,000
5	Electrical, SCADA, and Instrumentation (25% of Project Subtotal)	1	LS	\$ -	\$318,750
				SUBTOTAL:	\$1,593,750
				OH & P	15% \$239,070
				SUBTOTAL:	\$1,832,820
				MOBILIZATION	5% \$79,690
				SUBTOTAL:	\$1,912,510
				CONTINGENCY	30% \$573,760

PROJECT TOTAL	\$2,486,300
---------------	-------------

NOTES:

--