

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, FEBRUARY 19, 2018 AT 4:00 P.M.

KERRVILLE CITY HALL CITY COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, FEBRUARY 19, 2018, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION

1. VISITORS / CITIZENS FORUM:

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

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meetings held on January 22, 2018.

3. MONTHLY REPORTS:

3A. Monthly financials for January 2018. (staff)

3B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Funding Application for the Aquatics Feasibility Study. (staff)

4B. Review the EIC Funding Application and application process. (staff)

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

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time February 19, 2018, at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

5. EXECUTIVE SESSION:

The Economic Improvement Corporation may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above including if they meet the qualifications in Section 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

7. ITEMS FOR FUTURE AGENDAS

8. ANNOUNCEMENTS

9. ADJOURNMENT.

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

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time February 19, 2018, at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular meeting held on January 22, 2018.

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

JANUARY 22, 2018

On Monday, January 22, 2018, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Kenneth Early, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Mr. Early offered the invocation.

Members Present:

Kenneth Early, President
Sheri Pattillo, Vice President (arrived at 4:02 p.m.)
George Baroody
Mike Bosma
Gary Cooper
Robert Naman

Members Absent:

Kent McKinney

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Sandra Yarbrough, Finance Director

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

1. VISITORS/CITIZENS FORUM: No one spoke.

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meetings held on October 16, 2017 and November 27, 2017.

Mr. Early moved to approve the minutes for the regular EIC meeting held on October 16, and November 27, 2017. Mr. Baroody seconded, and the motion passed 5-0.

3. MONTHLY REPORTS:

3A. Monthly financials for December 2017. (staff)

Ms. Yarborough reported a beginning balance of \$1,933,271; with \$267,208 revenue, and \$101,561 expenditures; leaving an ending cash balance on December 31, 2017 of \$2,098,917. She reviewed the capital projects status summary.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail:

City staff met with the contractor. Work was to begin in 4 weeks.

Kerrville Sports Complex:

Ribbon cutting was held on January 18, 2018. The soccer fields and baseball fields opened for play on Saturday, January 20, 2018.

Reuse Distribution Lines:

Most of the piping is in the ground, and crews were currently working on the piping across the river, but the vast majority of the reuse distribution lines were in place, with some cleanup still to be done.

Tennis Center Improvements:

Staff received conceptual designs, and received feedback from the contractor. Staff planned to bring the designs back to the public in the near future.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Set date for special meeting in February 2018 to discuss the Corporation's funding application process.

Mr. Early moved to direct staff to schedule a special meeting to discuss the funding application process. Ms. Pattillo seconded, and the motion passed 6-0.

5. EXECUTIVE SESSION:

Ms. Pattillo moved for the EIC to go into executive closed session under Sections 551.071, and 551.087 of the Texas Government Code; motion was seconded by Mr. Naman and passed 6-0 to discuss the following:

Sections 551.071 (consultation with attorney), and 551.087 (deliberations regarding economic development negotiations):

5A. Grant application for funding of public infrastructure extension along Thompson Road related to a private development.

At 4:11 p.m. the open session recessed and the EIC went into executive closed session at 4:12 p.m. At 5:06 p.m. the executive closed session recessed and the EIC returned to open session at 5:06 p.m. Mr. Early announced that no action was taken in executive session.

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION: None

7. ITEMS FOR FUTURE AGENDAS: None

8. ANNOUNCEMENTS: None

9. ADJOURNMENT

Mr. Cooper moved to adjourn, Mr. Naman seconded and the motion passed 6-0. Mr. Early adjourned the meeting at 5:07 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

Agenda Item:

3A. Monthly financials for January 2018. (staff)

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

SUBJECT: EIC Financials ending January 31, 2018

FOR AGENDA OF: February 19, 2018 **DATE SUBMITTED:** February 13, 2018

EXHIBITS: Monthly Financials

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Kerrville Economic Improvement Corporation operating fund received sales tax revenue in the amount of \$273,590 for January 2018 compared to same period in prior year in the amount of \$273,741 with fiscal year to date being \$1,081,766. Year to date actual compared to FY2017 is -2.48% and -0.57% under budget.

Interest earned for January was \$5,835 and \$20,820 fiscal year to date. Interest earned to date is 138.80% of budgeted interest revenue for FY2018.

Kerryville Economic Improvement Corporation capital projects fund had no activity.

River Trail project had no expense in the month of January with the remaining project balance available being \$748,347.

RECOMMENDED ACTION

Report is for information only.

City of Kerrville - Economic Improvement Corporation

Sales Tax Improvement Fund - Summary For the month ending January 31, 2018

Beginning Cash Balance	\$2,098,917
Income:	
Sales Tax	\$ 273,590
Interest Revenue	\$ 5,835
Total Income	<u>\$ 279,424</u>
Expenses:	
Office supplies	\$ 40
Administrative Service Fee	\$ 8,333
Transfer for Debt Service	<u>\$ 93,228</u>
Total Expenses	<u>\$ 101,601</u>
Revenues Over (Under) Expenditures	<u>\$ 177,823</u>
Ending Cash Balance	<u>\$2,276,741</u>

Capital Projects Fund - Summary For the month ending January 31, 2018

Beginning Cash Balance	\$ 2,662,500
Income:	
Total Income:	<u>\$ -</u>
Expenses:	
Total Expenses:	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>
Ending Cash Balance	<u>\$ 2,662,500</u>

Economic Improvement Corporation

Sales Tax Improvement Fund - Revenue and Expense Detail For the month ending January 31, 2018

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE			\$2,272,941		\$2,272,941
REVENUE:					
Sales and Use Tax	\$ 3,482,826	\$ 273,590	\$ 1,081,766	31.06%	\$ 2,401,060
Interest	\$ 15,000	\$ 5,835	\$ 20,820	138.80%	\$ (5,820)
Fox Tank Agreement Reimbursement	\$ -	\$ -	\$ 10,000		
TOTAL REVENUE	\$ 3,497,826	\$ 279,424	\$ 1,112,585	31.81%	\$ 2,395,241
 EXPENDITURES:					
Administrative					
Local Meetings	\$ 500	\$ 40	\$ 40	8.00%	\$ 460
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 33,333	33.33%	\$ 66,667
Economic Development Governing Body	\$ 140,000	\$ -	\$ 140,000	100.00%	\$ -
Total Administrative	\$ 240,500	\$ 8,373	\$ 173,373	72.09%	\$ 67,127
Category I - Business Development					
ED Set Aside	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Total Category I	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Category II - Quality of Life					
Tennis Center	\$ 750,000	\$ -	\$ 187,500	25.00%	\$ 562,500
Downtown Streetscape Enhancements	\$ 200,000	\$ -	\$ -	0.00%	\$ 200,000
Debt Service - Series 2011A (River Trail)	\$ 259,890	\$ 21,580	\$ 86,319	33.21%	\$ 173,571
Debt Service - Series 2012 (River Trail)	\$ 253,413	\$ 21,169	\$ 84,677	33.41%	\$ 168,736
Debt Service - Series 2015 (Sports Complex)	\$ 605,350	\$ 50,479	\$ 201,917	33.36%	\$ 403,433
Total Category II	\$ 2,068,653	\$ 93,228	\$ 560,412	27.09%	\$ 1,508,241
Category III - Public Infrastructure					
Housing	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
Reuse Distribution Lines	\$ 1,500,000	\$ -	\$ 375,000	0.00%	\$ 1,125,000
*Debt Service - Legion Lift Station	\$ 200,000	\$ -	\$ -	0.00%	\$ 200,000
Total Category III	\$ 1,950,000	\$ -	\$ 375,000	0.00%	\$ 1,575,000
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
 TOTAL EXPENDITURES	\$ 4,759,153	\$ 101,601	\$ 1,108,785	23.30%	\$ 3,650,368
 NET REVENUES TO EXPENDITURES	\$ (1,261,326)	\$ 177,823	\$ 3,800		
 ENDING CASH BALANCE	\$ 1,011,614		\$ 2,276,741		

Sales Tax Revenue Analysis - FY18

Revenue Month	Actual FY 2016	Actual FY 2017	Budget FY 2018	Actual FY2018	FY2017 vs FY2018	Budget vs Actual
October	\$ 227,707	\$ 264,806	\$ 274,944	\$ 277,430	4.77%	0.90%
November	277,653	278,707	289,377	278,698	0.00%	-3.69%
December	254,834	260,757	270,741	252,047	-3.34%	-6.90%
January	255,848	273,741	284,222	273,590	-0.06%	-3.74%
February	347,778	357,098				
March	223,790	248,560				
April	237,432	240,783				
May	307,046	308,696				
June	243,070	261,944				
July	249,278	282,792				
August	290,011	306,807				
September	260,084	264,180				
YTD Total	\$ 3,174,529	\$ 3,348,871	\$ 1,119,283	\$ 1,081,766	-2.48%	-0.57%

Cash and Investments by Type - Placement - Amount			
Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	1/31/2018
Short Term Investment	EIC TexPool	\$ 4,679,241	1/31/2018
Certificate of Deposit	Texas Hill Country Bank	\$ 250,000	1/31/2018
Total Cash and Investments		\$ 4,939,241	1/31/2018

Committed Project Funding Status Summary

Fiscal Years	Current Budgeted Projects	Budgeted Commitment	From EIC Operating Fund	Funding to Outside Source	Funding Applied to Project	Committed Cash Balance
2012-13	Downtown Streetscape	\$ 765,100	\$ 565,100	\$ -	\$ 565,100	\$ -
2014-15	ED Set Aside	1,500,000	1,500,000	\$ -	\$ -	1,500,000
2015-16	Olympic Pool	100,000	100,000	\$ -	100,000	\$ -
2015-16	Housing	600,000	600,000	\$ -	\$ -	600,000
2016-17	Tennis Center	1,500,000	937,500	\$ -	750,000	187,500
2016-17	Distribution Lines	3,000,000	1,875,000	\$ -	1,500,000	375,000
TOTALS		\$ 7,265,100	\$ 5,577,600	\$ -	\$ 2,915,100	\$ 2,662,500

Capital Improvement Projects In Progress - including EIC support

Funding Years	Projects	Project Budget	EIC Portion Agreement Commitment	General Fund	Water and Sewer Fund	Other Funds/Loans /Grants	Bond Proceeds	Project Expense To Date	Project Balance
2011-12	River Trail	6,525,000	6,000,000	\$ -	\$ -	\$ -	525,000	5,251,653	748,347
2011-12	Louise Hays/Lehmann Monroe parks	2,656,207	2,600,000	18,785	\$ -	37,422	\$ -	2,641,207	15,000
2012-18	Downtown Streetscape	765,100	765,100	\$ -	\$ -	\$ -	\$ -	47,968	717,132
2014-15	Kerrville Sports Complex	10,500,000	9,000,000	\$ -	\$ -	1,590,000	8,910,000	10,437,732	62,268
2015-16	Olympic Pool	100,000	100,000	\$ -	\$ -	\$ -	\$ -	\$ -	100,000
2016-17	Reuse System	23,003,000	3,000,000	\$ -	4,235,421	7,731,625	8,035,954	13,301,401	9,701,599
2016-17	Tennis Center	1,500,000	1,500,000	\$ -	\$ -	\$ -	\$ -	11,125	1,488,875



RECEIVED
JAN 29 2018
10 EK HOPPE

January 29, 2018

HAND DELIVERED with receipt

MR. KENNETH EARLY, PRESIDENT OF EIC
CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION
701 MAIN STREET
KERRVILLE, TX 78028

Re: Filing Pursuant to the Economic Development Grant Agreement ("Agreement")
(Section 4B)

Dear Mr. Early:

This letter and its enclosure is being filed with the City of Kerrville, Texas, Economic Improvement Corporation ("EIC") by James Avery Craftsman, Inc. ("James Avery") pursuant to the Section 4.6 New Full-Time Positions in the above-referenced Agreement, which Agreement has an effective date of January 14, 2015 (its "Effective Date").

Section 4.6(a) of the Agreement requires that James Avery create and fill New Full-Time Positions within the City, beginning January 14, 2015, and maintain the contractual Minimum Number Total New Full-Time Positions by the End of Subject Calendar Years (2017-2021). James Avery has created and filled or maintained New Full-Time Positions, as defined in the Agreement: (1) by more than the 2016 Minimum Number of 72; and (2) by more than the 2017 Minimum Number of 62 and the 2017 Total Minimum Number of 134 (72 + 62). James Avery has met this requirement, as shown on the sworn Affidavit and the attached Weekly Kerr County Employment Headcount report ("Report").

Section 4.6(a) of the Agreement also requires that James Avery report to the EIC on a quarterly basis the cumulative number of New Full-Time Positions in weekly increments. The Report attached to the Affidavit constitutes James Avery's 4th Quarter report. See the last row on the Report which shows the cumulative number of Full-Time Positions within the City in weekly increments beginning with the first full work week in the 4th Quarter of 2017. To determine the number of New Full-Time Positions (since 1/14/15) through a particular work week, subtract 388 from the Total Full-Time Positions on the Report for that week.

Section 4.6(b) of the Agreement requires that James Avery provide the EIC with a sworn statement by February 1st of each year confirming James Avery's compliance with Section 4.6(a) for the preceding calendar year. I have attached an Affidavit and a Report confirming compliance. The Report documents to the EIC the exact number of Full Time Positions that are new to James Avery's business locations within the City of Kerrville through December 31, 2017, which number of positions is greater than the 2017 Total Minimum Number of 134 [596 – 388 (1/14/15 headcount) = 208].

As required by the Agreement, James Avery will continue to provide (1) the subsequent Reports quarterly; and (2) the subsequent annual sworn statements by February 1st of each year confirming compliance.

JAMES AVERY CRAFTSMAN, INC.



Margaret Greenshield
Executive Vice President Human Resources

Enclosure: Sworn Affidavit with attached 2017 Weekly Kerr County Employment Headcount Report
including the 4th Quarter Report

✓ cc. Mark McDaniel, City Manager
City of Kerrville, TX
701 Main Street
Kerrville, TX 78028

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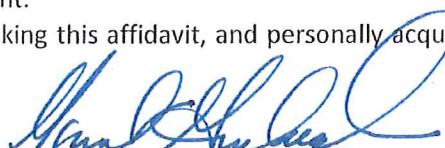
STATE OF TEXAS §

COUNTY OF KERR §

ECONOMIC DEVELOPMENT GRANT AGREEMENT AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Margaret Greenshield, who, being by me duly sworn, deposed as follows:

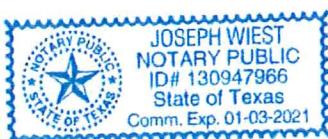
1. "My name is Margaret Greenshield. I am the Executive Vice President Human Resources and custodian of business records of James Avery Craftsman, Inc. ("James Avery"), headquartered at 145 Avery Road, Kerrville, Texas 78028.
2. "This Affidavit is being provided in response to §4.6 of the Economic Development Grant Agreement ("Agreement") entered into by James Avery with the City of Kerrville, Texas, Economic Improvement Corporation ("EIC"), which Agreement commenced on January 14, 2015 (its "Effective Date").
3. "I am executing this Affidavit to represent to the EIC that after the Effective Date and through December 31, 2017, James Avery has created and filled or maintained New Full-Time Positions, as defined in the Agreement, within the City of Kerrville: (1) by more than the 2016 Minimum Number of seventy-two (72); and (2) by more than the 2017 Minimum Number of sixty-two (62) and the 2017 Total Minimum Number of 134 (72 + 62).
4. "I have attached a Weekly Kerr County Employment Headcount ("Report") to this Affidavit which documents to the EIC the exact number of New Full-Time Positions that James Avery has created and filled or maintained within the City through December 31, 2017, which number of positions is greater than the 2017 Total Minimum Number of 134 [596-388 (1/14/15 headcount) = 208].
5. "I hereby confirm that James Avery is in compliance with §4.6(a) New Full-Time Positions, as defined in the Agreement.
6. "I am of sound mind, capable of making this affidavit, and personally acquainted with the facts herein stated."



Margaret Greenshield, AFFIANT

Attachment

SWORN TO AND SUBSCRIBED before me on this 29th day of January, 2018




NOTARY PUBLIC in and for the STATE OF TEXAS

NOTARY'S Printed Name:

Joseph Wiest

My commission expires: 1-3-2021

James Avery Craftsman, Inc. Weekly Kerr County Employment Headcount 2017

Work Week Beginning	1/7/2017	1/14/2017	1/21/2017	1/28/2017	2/4/2017	2/11/2017	2/18/2017	2/25/2017	3/4/2017	3/11/2017	3/18/2017	3/25/2017	4/1/2017
Corporate	217	217	214	214	214	214	214	217	216	219	219	217	218
Manufacturing	336	334	333	333	333	333	333	327	326	327	327	326	331
Retail	5	4	4	4	4	4	4	4	4	4	4	5	5
Grand Total	558	555	552	551	551	551	548	546	550	550	547	554	556

Work Week Beginning	4/8/2017	4/15/2017	4/22/2017	4/29/2017	5/6/2017	5/13/2017	5/20/2017	5/27/2017	6/3/2017	6/10/2017	6/17/2017	6/24/2017	7/1/2017
Corporate	217	217	216	218	219	218	218	217	218	219	219	219	219
Manufacturing	334	334	337	339	339	339	339	339	339	337	336	336	339
Retail	5	4	4	4	4	4	4	4	4	4	4	4	4
Grand Total	556	555	557	561	562	561	560	561	562	560	559	559	562

Work Week Beginning	7/8/2017	7/15/2017	7/22/2017	7/29/2017	8/5/2017	8/12/2017	8/19/2017	8/26/2017	9/2/2017	9/9/2017	9/16/2017	9/23/2017	9/30/2017
Corporate	232	231	231	231	231	231	231	231	232	232	231	231	231
Manufacturing	339	340	341	343	342	343	347	346	348	352	356	355	353
Retail	4	4	4	4	4	4	4	4	4	4	4	4	4
Grand Total	575	575	576	578	577	582	581	584	588	583	591	590	588

Work Week Beginning	10/7/2017	10/14/2017	10/21/2017	10/28/2017	11/4/2017	11/11/2017	11/18/2017	11/25/2017	12/2/2017	12/9/2017	12/16/2017	12/23/2017	12/30/2017
Corporate	230	229	232	233	233	232	232	232	234	234	235	235	235
Manufacturing	349	349	348	348	349	350	353	351	355	355	357	357	357
Retail	3	3	3	3	3	3	3	4	4	4	4	4	4
Grand Total	582	581	583	584	585	588	587	593	593	593	596	596	596

Average Hourly Rate of Additional Positions in Kerr County active as of 12/29/2017 \$19.08

Agenda Item:

3B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

There is no agenda bill for this item. There will be a presentation at the meeting regarding the projects update.

Agenda Item:

4A. Funding Application for the Aquatics Feasibility Study. (staff)



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

SUBJECT: Funding application to the City of Kerrville, Texas Economic Improvement Corporation for an aquatics feasibility study for the Olympic Pool.

AGENDA DATE OF: 2/19/2018

DATE SUBMITTED: 2/16/2018

SUBMITTED BY: Ashlea Boyle
Director of Parks and Recreation

EXHIBITS: Letters of Support from KISD and Schreiner University
EIC Funding Application

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
Not to exceed \$100,000	\$100,000	\$100,000	70-7000-5100 Project # B68 70-16004

PAYMENT TO BE MADE TO: N/A

SUMMARY STATEMENT:

As discussed in previous meetings and workshops, the Economic Improvement Corporation (EIC) has programmed dollars into their budget to fund a feasibility study for the Olympic Pool. This allocation in the EIC's budget was included in the FY16 budget that was adopted by City Council. These funds are still allocated as an EIC project.

The Olympic Pool was built in 1970 and has not seen significant improvements since. Most of the original infrastructure is still in place and the facility is beginning to show its age. At a minimum, the mechanical equipment and filtration system needs to be addressed in addition to evaluating pool leaks. The facility is outdated and should be evaluated for basic needs as well as feature recommendations based on current trends in aquatics (slides, interactive toys, etc.) and the specific needs of the Kerrville community. Preliminary discussions have been held with KISD and Schreiner University. Both organizations have expressed interest in a year-round competitive aquatics facility. This would require updates in addition to heating the pool. The feasibility study could provide improvement options for a year-round competitive pool, recreational improvements, or a combination of both.

If funded, the feasibility study could include, but not be limited to the following:

- evaluation of the condition of the existing complex in its entirety including applicable local, state, and federal code;
- needs assessment including public / stakeholder input;

- recommended improvements / enhancements and conceptual planning of the entire facility;
- necessary research to appropriately evaluate the viability of such improvements; local work force to support an extended season / year-round facility; and;
- cost analysis for construction and operation.

At their January 23rd City Council meeting, the City Council authorized City staff to submit a funding application to the EIC in an amount not to exceed \$100,000 for this study. As a reminder, for City-sponsored Public Infrastructure and Quality of Life projects, authorization from the City Council is required in order for an application to be made to the EIC. The EIC then reviews the Funding Application and provides direction to staff with regard to developing a Funding Agreement. The Funding Agreement is then brought back to EIC for a Public Hearing and decision. Finally, the City Council votes on the Funding Agreement.

RECOMMENDED ACTION:

Provide direction to City staff pertaining to the development of a Funding Agreement.



Aquatics Feasibility Study Scope of Work

This project will consist of a feasibility study for the City's Olympic Pool located at 601 Olympic Drive in Kerrville, Texas to be funded through the City of Kerrville, Texas Economic Improvement Corporation.

The Olympic Pool was built in 1970 and has not seen significant improvements since. Most of the original infrastructure is still in place and the facility is beginning to show its age. At a minimum, the mechanical equipment and filtration system needs to be addressed in addition to evaluating pool leaks. The facility is outdated and would be evaluated for basic needs and updates as well as feature and improvement recommendations based on current trends in aquatics (slides, interactive toys, etc.) and the specific needs of the Kerrville community. Preliminary discussions have been held with KISD and Schreiner University. Both organizations have expressed interest in a year-round competitive aquatics facility. Schreiner University indicated a willingness to consider providing financial support in some capacity. KISD is also willing to consider some use related fees. This would require updates in addition to heating the pool. The feasibility study could provide improvement options for a year-round competitive pool, recreational improvements, or a combination of both.

If funded, the City intends to hire a consulting firm that will complete the feasibility study process. This process will engage various aquatics-related community stakeholders such as KISD and Schreiner University. The study will culminate in an RFQ process to be utilized for project design, and ultimately the public bidding process for construction.

If funded, the feasibility study could include, but not be limited to the following:

- evaluation of the condition of the existing complex in its entirety including applicable local, state, and federal code;
- needs assessment including public / stakeholder input;
- recommended improvements / enhancements and conceptual planning of the entire facility;
- necessary research to appropriately evaluate the viability of such improvements;
- local work force to support an extended season / year-round facility; and
- cost analysis for construction and operation.



Mark J. Foust, Ed.D.
Superintendent

Phone: (830) 257-2200 ext. 1011
Fax: (830) 257-2249

1009 Barnett Street
Kerrville, TX 78028

May 1, 2017

City of Kerrville
ATTN: E.A. Hoppe
Deputy City Manager
701 Main Street
Kerrville, TX 78028

Dear Mr. Hoppe,

On behalf of Kerrville ISD I would like to confirm our interest in exploring the feasibility of developing long term swimming opportunities that would benefit our students, Schreiner University students, and our community. An important step to building a relationship between KISD, Schreiner University, and the City of Kerrville in relation to a swimming program, is determining the potential interest and cost of starting such programs. Data and information related to these questions will be vital in determining our next steps in this joint venture.

Thank you for your willingness to partner with our district in this opportunity to improve the quality of life and educational experiences of our students and our community.

Sincerely,

Mark J. Foust, Ed.D.
Superintendent

Schreiner University

LEARNING BY HEARTSM

OFFICE OF THE
VICE PRESIDENT FOR
ADMINISTRATION
AND FINANCE
2100 MEMORIAL BLVD.
KERRVILLE, TEXAS 78028-5697
830.792.7355

May 8, 2017

E. A. Hoppe
Deputy City Manager
701 Main Street
Kerrville, TX 78028

Dear Mr. Hoppe,

E.A.

Pursuant to our discussions, this letter communicates Schreiner University's interest in exploring the feasibility of a project that would enable the university to join with KISD and the City of Kerrville in providing enhanced opportunities for swimming programs that would be of mutual interest and benefit.

We understand that the compilation of data related to costs and potential utilization will be necessary to inform decisions by all parties going forward. We appreciate the interest and willingness of the City and KISD to collaborate with us in our continued efforts to enhance our community and the quality of life afforded its citizens.

Best regards,



Bill Muse

APPLICATION FOR 4B SALES TAX FUNDS

CITY OF KERRVILLE ECONOMIC IMPROVEMENT CORPORATION

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

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

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B (now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). The EIC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a Council-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and / or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

APPLICATION SECTION 1 - DEFINITIONS

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

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

City - City of Kerrville, Texas

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

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

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

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

EIC - Kerrville Economic Improvement Corporation

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

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

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

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

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

KEDC - The Kerr Economic Development Corporation

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

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

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

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

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

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

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

Submittal Date: 1 / 16 / 18

ORGANIZATION

City of Kerrville

Applicant Name

701 Main Street Kerrville Texas 78028

(830) 257-8000

Phone Alt Phone Fax

www.kerrvilletx.gov

Website

PROJECT CONTACT

Ashlea Boyle Director of Parks & Recreation

Contact Person Name _____ Title _____

701 Main Street Kerrville Texas 78028

(830) 258-1153

ashlea.boyle@kerrvilletx.gov

Email Address

Amount of Funding Requested: \$ 100,000

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

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

Continue to Section III

Business Development Projects

Submittal Date: _____ / _____ / _____

ORGANIZATION

Applicant Name

Address City State Zip

Website

PROJECT CONTACT

Address City State Zip

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

Email Address

Type of Business Structure: Corporation Partnership Sole Proprietorship

Current Employment: Permanent Full-Time Permanent Part-Time

Average Production Wage

Full-Time Employees receive the following benefits:

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

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

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

SECTION III - PROJECT INFORMATION

This application is for a:

Business Development

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

Capital Improvements for Public Infrastructure

- Utilities
- Roadways
- Other ()

Quality of Life

- Community Event
- Project

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

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed

improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A - Project Investment in Improvements

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

Part B - Project Investment in Fixed Equipment

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

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

Anticipated Number of New Full-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____

Typical Job Descriptions or Job Titles

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

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

Anticipated Number of New Part-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles of these employees: _____

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

Part E - Payroll Impact

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

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks \$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI - OTHER ASSISTANCE

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

No Yes

Describe:

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

Ashlea Boyle

Printed name

January 16, 2018

Date

Director of Parks and Recreation

Title

Ashlea Boyle

Signature

Agenda Item:

4B. Review the EIC Funding Application and application process. (staff)

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

SUBJECT: City of Kerrville, Texas Economic Improvement Corporation Funding Application review

FOR AGENDA OF: February 19, 2018 **DATE SUBMITTED:** February 16, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: Revised EIC Funding Application
Economic Incentive Policy - KEDC Funding Matrix

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

At a special called meeting of the EIC on February 7, 2018 the EIC reviewed the current Funding Application process and recommended several changes to the actual Funding Application. Staff will be reviewing those redlines with the EIC as well as the current KEDC Funding Matrix, found on pages 4, 5, and 6 of the attached Economic Incentive Policy.

RECOMMENDED ACTION

Review the revised EIC Funding Application and provide direction to staff.

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

4B Funding from the Economic Improvement Corporation

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

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

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

All actions of the EIC are subject to the Development Corporation Act of 1979 (Article 5190.6 Vernon's Civil Statutes, Section 4B and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). The EIC is a legal entity with statutory authority to spend economic development sales tax dollars ("4B Revenues"). The Corporation is city-chartered and governed by a Council-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and / or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

Types of Projects

The Economic Improvement Corporation will consider applications for:

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

General Process for Applications

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

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

Business Development and Participation in Public Infrastructure Projects

Mission and Goals of Business Development and Public Infrastructure Projects

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

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

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

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

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

Principles and Guidelines

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

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

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

Business Incentives Authorized

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

Primary Employer Business Incentives

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

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

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

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

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

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

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

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

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

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

Universal Requirements

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

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

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

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

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

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

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

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

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

“GO Team”

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

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

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

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

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

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

Clawbacks

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

Administration

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

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

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

Quality of Life Improvement Projects

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

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

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

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

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Community Event Projects

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

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

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

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

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

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

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

APPLICATION FOR 4B SALES TAX FUNDS

CITY OF KERRVILLE ECONOMIC IMPROVEMENT CORPORATION

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

EIC - Kerrville Economic Improvement Corporation

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

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

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

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

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

KEDC - The Kerr Economic Development Corporation

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

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

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

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

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

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

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

SECTION II - APPLICANT INFORMATION**Submittal Date:** ____/____/____**ORGANIZATION**

Applicant Name

Address

City

State

Zip

Phone

Alt. Phone

Fax

Website

PROJECT CONTACT

Contact Person Name

Title

Address

City

State

Zip

Phone

Alt. Phone

Fax

Email Address

Amount of Funding Requested: \$ _____

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

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

Quality of Life Projects

Continue to Section III**Submittal Date:** ____/____/____

ORGANIZATION

Applicant Name

Address

City

State

Zip

Phone

Alt. Phone

Fax

Website

PROJECT CONTACT

Contact Person Name

Title

Address

City

State

Zip

Phone

Alt. Phone

Fax

Email Address

Amount of Funding Requested: \$ _____

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

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

Continue to Section III

Business Development Projects

Submittal Date: _____ / _____ / _____

ORGANIZATION

Applicant Name

Address City State Zip

[Website](#)

PROJECT CONTACT

Address City State Zip

Email Address

Type of Business Structure: Corporation Partnership Sole Proprietorship

Year Business Started: Year _____ Location _____

Current Employment: Permanent Full-Time Permanent Part-Time

Average Production Wage

Full-Time Employees receive the following benefits:

11. *What is the primary purpose of the following statement?*

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

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

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

SECTION III - PROJECT INFORMATION

This application is for a:

Business Development ()

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

Capital Improvements for Public Infrastructure

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

Quality of Life

- ~~Community Event~~ ()
- Project ()

This project is being applied for under which applicable Section of Chapter 501, 502, 505 (list all that apply):

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

SECTION IV - PROJECT DESCRIPTION

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

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A - Project Investment in Improvements

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

Part B - Project Investment in Fixed Equipment

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

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

Anticipated Number of New Full-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____

Typical Job Descriptions or Job Titles

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

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

Anticipated Number of New Part-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____

Typical Job Descriptions or Job Titles of these employees: _____

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

Part E - Payroll Impact

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

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks \$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI - OTHER ASSISTANCE

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

No () Yes ()

Describe:

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

Printed name

Date

Title

Signature



City of Kerrville, City of Ingram and Kerr County

Economic Development

Incentive Policy

Adopted by City of Ingram – September 2, 2008
Adopted by Kerr County – September 8, 2008
Adopted by City of Kerrville – September 9, 2008

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The City of Kerrville, City of Ingram, and Kerr County have joined together with their economic partners to provide a cohesive, consistent, and coordinated regional approach to economic development while ensuring the public a justifiable investment in private projects. Kerrville/Kerr County is blessed with an unusually high number of unique assets. Our community has an excellent reputation in Texas, and growing recognition through out the US and internationally. The Kerrville area and surrounding communities have economic base more stable than most. The community is primed to support economic development. The existing quality of life makes Kerrville a great place to live and work.

Economic development is defined as the public resources for private projects implemented for the benefit of the public good. The purpose of these policies is intended to provide a frame work for economic development in the Kerrville, Kerr County area. Stakeholders will be identified, and roles will be acknowledged based on each entity's ability to use certain tools outlined by state law. The key purpose is to encourage growth and development in targeted industries.

In February 2008 the Kerrville City Council and the Kerr County Commissioners adopted an economic development strategic plan produced by TXP, Inc. One of the recommendations from the plan was to organize a committee to develop an incentive policy. The committee will consist of nine members including the following positions:

Kerr County Judge, City of Kerrville City Manager, City of Ingram Mayor, President - Chamber of Commerce, President – Kerr Economic Development Foundation, President - Economic Improvement Corporation, and three community representatives. The committee will meet to discuss, evaluate, and recommend public participation in private sector business recruitment and existing business expansions. This policy will be reviewed on an annual basis.

Objectives for creating the policy for incentives are:

- To sustain the local economy
- Strengthen the tax base
- Match specific incentives to the benefit
- Publicly justify the incentive, and
- Develop a non-competitive economic strategy with governmental entities

The priorities and strategies set forth in the plan include business attraction and business retention and expansion concentrating on target market development to provide a sustainable tax base. Equally as important is a strong workforce development effort ensuring adequate infrastructure to retain quality of life while currently attracting a growing retirement sector and tourism industry.

Also, attention to revitalization and redevelopment of downtown Kerrville is a great priority through the promotion of historic preservation while heightening tourism initiatives in concert with following positive land use management practices. And finally, the plan maintains that a priority be given to unified tactics for marketing, education, and information.

Procedure

The City of Kerrville and/or Kerr Economic Development Foundation will accept applications for projects at any time. Applications will not be considered until complete. Applicants must be available to present projects to the full membership of the Incentives Committee or a designated sub-committee of the Incentive Committee or both. Applicants may be businesses currently located in the City of Kerrville or Kerr County. Each project must be in compliance with legal requirements. If the project is within the city limits of Kerrville, said project should be consistent with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan, and Parks Master Plan. All projects will be required to provide an economic impact analysis including a return on investment calculation, job creation impact analysis, and tax base adjustments. If an applicant cannot make an economic development argument aligning with one or more of the above mentioned priorities or strategies, the applicant need not apply as the project will not be processed. It's not the intent of this policy to consider a project that is already underway, as originally planned, when application is received.

Scoring of projects

Each project will be scored on a case by case basis considering added value and/or jobs created. Scoring weights for capital investment will be a maximum of 50% of the total score. Wage and workforce will have a combined score maximum of 50% of the total score. Large projects presented beyond the maximums published may be reviewed for additional consideration. Eligible projects may be granted an incentive (s):

- A project is considered to be a target industry type if it fits within the Economic Development Strategic Plan as approved by Kerrville City Council and Kerr County Commissioners in February 2008, and shall be eligible for an incentive only upon a finding by the Incentive Committee that the project will make a unique contribution to the economy, development, redevelopment, tourism or employment opportunities.

Targeted Sectors for Recruitment/Retention+

Professional	Corporate/management, aircraft
Legacy Production	Aircraft-related, jewelry-related, plastics, specialty food processing

Tourism-related	High-end lodging, destination retail, entertainment, recreational sports facilities
Advanced Building Practices	Water/wastewater, materials/energy systems
Life Science	Physicians/nursing, laboratory-based testing, local population based research

+TXP, Inc. report 2008

- For new facilities and for expansion or modernization of existing facilities. (The economic life of a facility, and/or eligible property must exceed the duration of the incentive return on investment.)
- In order to be considered for an incentive, the following criteria apply:
 1. Tax Abatement applicants: An application for eligible facilities located in an area designated for property tax abatement and resulting in a minimum added value of \$500,000 in real and business personal property (excluding inventory and supplies).
 2. Enterprise Zone, a zone not more than a 10 square mile area in distress of high unemployment, deteriorating buildings, substantial loss of businesses or jobs: Eligible facilities located in the Kerrville Enterprise Zone resulting in a minimum added value of \$100,000 in real and business property (excluding inventory and supplies).
 3. Main Street District: Eligible facilities located in downtown Kerrville resulting in a minimum added value of \$50,000 in real and business personal property (excluding inventory and supplies).
 4. Airport Development Area: Eligible facilities located within the aviation and non-aviation areas of the Kerrville – Kerr County Municipal Airport resulting in a minimum added value of \$300,000 in real and business personal property including inventory.

Suggested Scoring Formula – Maximum score of 30 points

One point is scored for each \$200,000 increase in value in real and personal business or commercial property included in project (rounded to nearest \$100,000). Total scoring of 30 points with a maximum 15 points for capital.

One point is scored for each ten permanent full-time qualified employees compensated 50% or more of the difference between local and State of Texas most recent published covered wage hired within twelve months of project completion. Qualified employees are those receiving access to benefits via the employer, i.e. medical, vacation, etc. and work not less than 2000 hours per year. For business expansions where additional jobs are created at an existing business, points may be awarded for new employees from one point up to a maximum of 10 points.

One point is scored for each \$25,000 invested by the company in work force training within the first twelve months of the project. Up to a maximum of 5 points can be earned.

The total point value will be tallied for each application. In order for a project to be considered, a minimum of 10 points must be scored. Applications scoring 10 points or above will be evaluated and processed for a recommendation. Applications scoring less than 10 points will be returned to the applicant with an explanation of deficiencies. Tax abatement schedules are as follows:

- Business expansions: 11-15 points scored qualifies for 5 year abated schedule; 16-30 points scored qualifies for 7 year abated schedule
- New businesses: 11-18 points scored qualifies for 5 year abated schedule; 19-24 points scored qualifies for 7 year abated schedule; 25-30 points maximum schedule (see examples)

Incentive Tools

Local

Tax abatements

Property tax abated for a set period of years depending on reinvestment zone location of project and associated thresholds

4B Sales Tax for Economic Development

1. Business development for expansions or relocations for building assistance, workforce development, job training, relocation expenses.
2. Infrastructure partnerships agreement to share infrastructure costs as utilities, street development.

Lease abatements

Publicly owned building or ground lease relief on the front end of an expansion.

Land exchange

Publicly owned property used in partnership with developer in exchange for economic impact to tax, property values.

Low Interest Loan Pools

Partnering with local financial institutions for lower interest rates for improvements or start-ups (KMS district established in 1995).

Hotel/Motel Tax

Use for lawful economic development activities within the HOT categories of tourism.

Residential Development^

Property set asides for workforce housing programs in return for infrastructure improvements.

Workforce Housing Projects

Per unit grant or credit for new construction or rehabilitation of existing structures.

Waiver of fees

Relief from building, tap, recovery, etc. fees to lessen upfront expenses.

State

Tax Increment Financing*

Finance infrastructure improvements repaid by future tax revenues, freezes tax value, utilizes incremental future value to fund improvements.

Section 380 grants

Sales tax rebate to relocating or expanding business based on increase sales tax base with a net growth impact.

Freeport Exemption	Allows property tax exemptions for goods for 175 days or less (Adopted March 1990).
Public Improvement District*	Partnership with developer for infrastructure improvements with an assessment return.
Texas Capital Fund Grant*	<ol style="list-style-type: none"> 1. Infrastructure Funds up to \$750k for a specific infrastructure project 2. Real Estate Up to \$750k for acquisition, construction or rehabilitation of property for business development 3. Main Street Funds up to \$150k for Main Street district infrastructure improvements
Go Texan*	Dollar for dollar matching fund for small business with Texas agriculture products
Texas Enterprise Fund*	Funds from the Governor's Office for Economic Development for out of state business development
Texas Leverage Fund*	Loans to businesses using 4B sales tax funds
Linked Deposit Program*	Loans to historically utilized businesses in an enterprise zone
Texas IRB program*	Industrial revenue bond program providing taxable and non-taxable bond financing for land for industrial or manufacturing projects
Texas Enterprise Zone*	A designated area representing a 20% or higher poverty rate eligible for economic development activities; area must be approved by the State
<u>Federal</u> Foreign Trade Zone**	Designated area to assist international trade related activities whereby duty payment is deferred.

* Program requires appropriate local legislation within State of Texas guidelines

**Requires approval at the federal level

^ Developments not in the workforce housing category

Clawbacks and Performance criteria

Each project applicant should anticipate certain clawback provisions in a funding agreement between the applicant, the City of Kerrville and/or Kerr County depending on the level of participation of the public funding. Determined on a case by case basis, projects will be evaluated on property value increases and jobs created above the current average wage. A timeline of performance criteria will be agreed upon whereby a claw back will be charged to the applicant if performance measures are not met. An industry standard return on investment to the City of Kerrville and Kerr County is expected in five to seven years. Again, each project must be in compliance with legal requirements.

**PROPERTY TAX ABATEMENT SCHEDULE
FOR City of Kerrville, City of Ingram, Kerr County**

Tax abatement shall be authorized for industrial facilities and commercial facilities. All other types of facilities shall be ineligible. Abatement shall extend to the value of buildings structures, fixed machinery and equipment, site improvements plus office space and related fixed improvements necessary to the operation and administration of the facility. However, land, inventories, supplies, tools, furnishings and other forms of movable personal property shall be ineligible. Abatement incentives in most cases will not exceed seven years.

Eligibility requirements for tax abatements have a minimum capital investment of \$500,000.00 for expansion/retention of existing businesses and a minimum of \$750,000.00 for new business development. The Economic Development Strategic Incentive Committee has the authority to review all incentive applications and modify incentives at their discretion. All eligible applications will be reviewed by the committee with either a recommendation for business incentives to economic partners or comments on why the application did not apply. Scoring weights for capital investment will be a maximum of 50% of the total score. Wage and workforce will have a combined score maximum of 50% of the total score.

Expansion of Existing Businesses

- Minimum capital investment to apply \$ 500,000.00 (Existing businesses may receive up to 10 points in scoring system for minimum capital investment for expansion of business)

Maximum incentive from tax abatement requires a capital investment of \$ 3,000,000.00. Maximum capital investment score of 15 points.

<u>Maximum Capital Investment</u>	<u>% of Abatement</u>	<u>Year of Abatement</u>
\$ 3,000,000.00	50%	1-2
	40%	3-4
	30%	5
	20%	6
	10%	7

New Business Development

- Minimum capital investment to apply \$ 750,000.00

Maximum incentive from tax abatement requires a capital investment of \$ 3,250,000.00
Maximum capital investment score of 15 points..

<u>Maximum Capital Investment</u>	<u>% of Abatement</u>	<u>Year of</u>
<u>Abatement</u>		
\$ 3,250,000.00	50%	1-2
	40%	3-4
	30%	5
	20%	6
	10%	7

2007 Tax rate per \$ 100.00 valuation

- .5500 City of Kerrville
- .3896 Kerr County
- .3285 City of Ingram
- K.I.S.D. (not applicable)

Tax Abatement example for an expansion/retention of existing business

Business data on current status of existing business in Kerrville includes the following:

1. Business owners own 4 acres of land and current facility is 7,500 square ft.
2. Company employs 15 with an average employee wage of \$ 12.00 per hour or a annual salary of \$ 25,000.00.
3. Company offers medical coverage to employees

The XYZ Company has requested for tax abatements to expand their company in the Kerrville/Kerr County community. XYZ has completed the application for economic incentives and provided the following expansion plans for scoring their request.

1. Company wants to expand current site with an additional 12,500 sq. ft. building.
2. Company will add an additional 20 employees to business with an increase of wages to all employees of \$ 14.00 per hour or an annual salary of \$ 29,120.00.
3. Company offers medical coverage to all employees.
4. If company can expand operation in Kerrville one potential supplier company may relocate to the Kerrville/Kerr County community.
5. XYZ Company will invest \$ 25,000.00 for workforce training for employees.

Review of Expansion of XYZ Company and potential tax abatement incentives offered to company

12,500 sq. ft (built on assumption \$ 125.00 per sq. ft.) \$ 1,562,500.00

Additional Payroll to local economy \$ 582,400

Employee Health Insurance provided by company

Economic Incentive Committee would then evaluate and use the suggested scoring formula to grade and make recommendations for this project. This project would be scored as the following:

<u>XYZ Company Expansion Project</u>	<u>Incentive Score</u>
Capital Investment and new improvements (12,500 sq. ft.) \$ 1,562,500.00	12 pts
New jobs created (20) average annual salary of \$ 29,120.00; benefits include Medical coverage for all employees. Company invests \$ 25,000.00 dollars for workforce development.	3 pt
Other project considerations (potential attraction of Supplier Company); Incentive committee could recommend to ABC that abatement may be reviewed depending on economic impact of potential supplier company for community.	
Total Points Scored for abatement incentive	15 pts

Incentive committee could make the following recommendation for the XYZ Expansion Project.

<u>Capital Investment Pts. Scored</u>	<u>% of Abatement</u>	<u>Year of Abatement</u>
15	40%	1-2
	30%	3
	20%	4
	10%	5

Total Tax Created by Business Expansion Annually

City of Kerrville \$ 8,594.00
Kerr County \$ 6,088.00

City of Kerrville Tax Abatement incentive for XYZ Company Expansion

Year 1	2	3	4	5
3,427	3,427	2,578	1,719	860

Total new tax revenue created	\$ 42,970.00
Abatement Incentive (5 years)	\$ 12,011.00
City of Kerrville new tax revenue	\$ 30,959.00

Kerr County Tax Abatement incentive for XYZ Company Expansion

Year 1	2	3	4	5
2,435	2,435	1,826	1,218	609

Total new tax revenue created	\$ 30,438.00
Abatement Incentive	\$ 8,523.00
Kerr County new tax revenue	\$ 21,915.00

Tax abatement example for a new business development

The Icabad Crane Company has requested tax abatements to develop their new retail location in the Kerrville/Kerr County community. Crane has completed the application for economic incentives and has provided the following business data for scoring their incentive request.

1. Company has acquired 35 acres at intersection two major highways with high volume traffic count per day. Company purchased Agriculture exempt property for \$ 2 million dollars for new development.
2. Crane Company store will be 95,000 sq. ft. which the company has secured construction cost for \$ 40.00 per sq. ft.
3. Company will employ a total of 120 employees; five percent or 6 employees will be management and have annual salary of \$ 50,000.00; 40 percent of 46 employees will be full time with an average wage of \$ 10.00 per hour or \$ 21,000.00 annually however, company does provide medical coverage to full time employees; 68 part time employees with average wage of \$ 10.00 per hour.
4. Crane Company wants to be involved in community activities with economic partners.

New Business Development for Crane Company and potential tax abatement incentives offered to company.

95,000 sq. ft. (built at \$ 40.00 per sq. ft.) \$ 3,800,000.00

Additional Full time payroll to local economy \$ 1,266,000.00;
FT employees received health insurance coverage

Economic Incentive Committee would then evaluate and used the suggested scoring formula to grade and make recommendations for this project. This project would be scored as the following:

<u>Crane Company Business Development</u>	<u>Incentive Score</u>
Capital Investment \$ 3,800,000.00	15
New jobs created 120; only 5 % of jobs have higher wage and Company benefits, 40% of jobs are full time with health insurance Coverage with a total salary package that meets the current min. wages In Kerrville/Kerr County; addition of 68 part time jobs with no benefits	
Total Points scored for abatement incentive	15 pts.

Incentive committee could make the following recommendation for the Crane Company Business Development.

<u>Capital Investment Pts. Scored</u>	<u>% of Abatement</u>	<u>Year of Abatement</u>
15	40%	1-2
	30%	3
	20%	4
	10%	5

Total Tax Created by new business development annually

City of Kerrville \$ 20,900

Kerr County \$ 14,805

City of Kerrville tax abatement incentive for Crane Company Business Development

Year 1	2	3	4	5
8,360	8,360	6,270	4,180	2,090

Total new tax revenue created \$ 104,500.00

Abatement Incentive (5 years) \$ 29,260.00

City of Kerrville new tax revenue \$ 75,240.00

Kerr County Tax Abatement incentive for Crane Company Business Development

Year 1	2	3	4	5
5,922	5,922	4,442	2,961	1,481

Total new tax revenue created \$ 74,025.00

Abatement Incentive \$ 20,728.00

Kerr County new tax revenue \$ 53,297.00

Incentive Committee makes recommendation to appropriate governmental body.

Initial Response Team Evaluation

Members of the Incentive Committee will serve on Initial Response Teams within the committee to evaluate projects and make recommendations to the Committee. Ultimately, a final recommendation will be made to the Kerrville City Council, Ingram City Council and/or the Kerr County Commissioners. The Teams will be positioned according to the geographic location of the project. Some team members may serve on more than one team. Suggested positions are as follows:

- Citywide reinvestment zone: City Manager, KEDF President, KACOC President, Community Representative 1, EIC President
- Kerrville enterprise zone: City Manager, KEDF President, Community Representative 2, EIC President
- Main Street District: City Manager, KEDF President, KACOC President, Community Representative 3
- Airport area: County Judge, Community Representative 1
- Kerr County: County Judge, Community Representative 2
- City of Ingram: Mayor of Ingram, Community Representative 3

A realistic time line for evaluation and processing will be shared with each applicant. To that end, the process would be:

1. Application is received by KEDF or BP of COK and forwarded to
2. Initial Response Team assigned, who will then
3. Make a recommendation to the Incentive Committee, who will
4. Make a recommendation to the appropriate approving entities

The applicant will be contacted:

- for additional information if an application is deemed eligible, but more information is needed, or
- if application is complete and eligible for consideration or
- if the application is ineligible

Applicable incentive tools will be determined for each project, whether new or existing, during the evaluation process containing the required documentation from the applicant. (ROI, cost/benefit analysis, opportunity cost analysis).

Roles

Community Representatives serving on the Incentive Committee have a role of providing guidance for decision making concerning projects presented for consideration.

Kerrville Area Chamber of Commerce - Is to have input for policy decisions affecting the business community and the protection and cultivation of business base by growing their membership.

Kerr Economic Development Foundation - Is to market the Kerrville area as a business friendly community encouraging existing business growth and facilitating new business opportunities.

Kerrville Convention and Visitors Bureau - Is to promote tourism activities to enhance the hotel occupancy tax revenues while creating a repeat destination experience for the traveling population.

City of Kerrville - Facilitate policy making activities; carry out development packaging initiatives for the City of Kerrville in cooperation with industry partners, local economic developments partners, and business community. Additionally, manage the tax base through realistic methodology of determining a positive return on investment of resource.

Kerr County - Kerr County Commissioners' role is to consider and act upon recommendations from the Incentive Committee.

City of Kerrville - City Council's role is to consider and act upon recommendations from the Incentive Committee.

City of Ingram - Ingram City Council's role is to consider and act upon recommendations from the Incentive Committee.

Economic Improvement Corporation - role is to hear presentations and act upon recommendations from the IRT and Incentive Committee.

Deliverables

Members of the Incentives Committee agree to have open communication with each other concerning every project or potential project under consideration in confidence. IRTs will follow in the same commitment ensuring consistencies in all discussions. Collectively, the Committee evaluates the process on an annual basis during a scheduled meeting of the entire group. The IRTs will meet only when a project is presented specifically for the assigned team and make a recommendation to the Incentive Committee within 15 working days of receipt of the application. The Incentive Committee will meet quarterly and when called together by an IRT.

Application

Section I – Contact Information

Date _____

Company Name _____

Contact _____

Address _____

Telephone (0) _____ Cell _____

Fax _____ E-mail _____

Website _____

Section II – Business Profile

Nature of business _____

New business or expansion of existing business _____

Years in Business _____ Current number of employees _____ FT _____ PT

Annual payroll _____

Current square footage occupied _____

Desired square footage occupied _____

Taxing entities (check applicable)

Kerr County City of Kerrville City of Ingram

Kerrville ISD Ingram ISD Center Point ISD

Financial Information: Five Years Annual Financials Attached _____

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

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

No Yes . If yes, please describe.

Section III – Project Description

Expansion of existing business _____ or new construction _____

Project details including building size, materials, infrastructure needs, utilities, etc. Detail parking needs, technology infrastructure, anticipated construction costs and time line. Attach additional sheet if necessary

Current inventory value _____

Projected value w/i year 1 _____ year 3 _____ year 5 _____

Section IV -- Employees

Anticipated number of new employees _____

Median annual salary for new employees' _____

Average wage for employees: _____ Management _____ Non-supervisory

Description of benefits offered _____

Number of Full time _____ Part time _____ employees

Anticipated number of new employees moving to Kerr County _____

New employees within 12 months of project completion _____ within 24 months of project completion _____

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks \$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

For additional information visit www.kerredf.org or www.kerrville.org or
call 830.792.8343 or 830.896.1157

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Internal Routing

Date received _____ by _____

Initial Response Team assignment _____

Application distribution date _____

IRT Review meeting date _____

Recommendation _____

Consideration schedule _____ COK _____ KC _____ COI

Contact Information

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