

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, SEPTEMBER 17, 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, SEPTEMBER 17, 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 EIC meeting held on August 20, 2018.

3. MONTHLY REPORTS:

3A. Monthly financials for August 2018.

3B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Parking Garage Streetscape

Legion Lift Station

4. PUBLIC HEARING AND POSSIBLE ACTION:

4A. Economic Development Grant Agreement between Kerr Economic Development Corporation and the City of Kerrville, Texas Economic Improvement Corporation.

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: September 14, 2018, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Interim City Secretary, City of Kerrville, Texas

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Administrative Services Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville, Texas.

6. EXECUTIVE SESSION:

The Economic Improvement Corporation may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above including if they meet the qualifications in 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, including the following matters:

6A. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act, Section 551.087, discussion regarding commercial or financial information received from a business prospect(s), and/or to deliberate the offer of a financial or other incentive to a business prospect(s). (Sections 551.087, TX Government Code)

7. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

8. ITEMS FOR FUTURE AGENDAS

9. ANNOUNCEMENTS

10. ADJOURNMENT.

Agenda Item:

2A. Approval of minutes for the regular EIC meeting held on August 20, 2018.

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

AUGUST 20, 2018

On Monday, August 20, 2018, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:01 p.m. by Kenneth Early, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Ms. Sigerman offered the invocation.

Members Present:

Kenneth Early, President

Don Barnett

Gary Cooper

Maggie Megee

Robert Naman

Delayne Sigerman

Members Absent:

Kent McKinney, Vice President

City Executive Staff Present:

E.A. Hoppe, Deputy City Manager

Mike Hayes, City Attorney

Cheryl Brown, Deputy City Secretary

Amy Dozier, 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 EIC meetings held on July 16, 2018.

The following people spoke:

- Peggy McKay spoke in favor of adding citizen comments and EIC members' discussion to the minutes.
- James Craft spoke in favor of adding citizen comments and EIC members' discussion to the minutes.

Ms. Megee moved to approve the minutes for July 16, 2018. Mr. Barnett seconded, and the motion passed 6-0.

3. **MONTHLY REPORTS:**

3A. Monthly financials for July 2018.

Ms. Dozier reported that the EIC operating fund received sales tax revenue of \$306,165 for July, which was an 8.27% increase compared to the same period in the prior year. Interest income for July was \$6,412. Expenditures for July totaled \$164,178, and included budgeted transfers for debt service and the administrative service fee, in addition to \$62,500 quarterly housing transfer to the EIC Project Fund.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail:

The flatwork was mostly complete. Trail westward from Lowry Park to the Dietert Center was still set for completion, and ribbon cutting in Mid-October 2018.

Reuse Distribution Lines:

The lines were completed. SCADA development was continuing.

Tennis Center Improvements:

Construction documents were almost complete. Staff anticipates beginning the bidding process in September.

Aquatics Feasibility Study:

The preliminary stakeholder interviews were held last week, with good feedback given. Public input sessions will be held in the near future.

Downtown Streetscape:

City staff was working with an architect on construction scope for a construction document.

Legion Lift Station:

Design for the project was approximately 90% complete. Engineering was approximately 75% finished. Application to the Texas Development Water Board was submitted.

3C. Grant Compliance Update:

Mr. Hoppe presented the grant compliance information received from the following:

- Fox Tank Company: There were 119 current full-time employees, with 68% living in the Kerr County area.
- James Avery Craftsman: There were 664 current employees, with 276 employees being added since 2015.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Appointment of EIC members to an Ad Hoc subcommittee to review the EIC funding application.

Mr. Barnett moved to appoint Mr. Cooper and Mr. Naman to an Ad hoc committee to meet with staff to review the EIC funding application. Ms. Sigerman seconded, and the motion passed 6-0.

4. EXECUTIVE SESSION:

There was no executive session.

5. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

None

6. ITEMS FOR FUTURE AGENDAS:

- Mr. Cooper suggested discussion of the format of the budget report in a future meeting.
- Mr. Hoppe stated the EIC/KEDC funding agreement would be brought back to the EIC at their next meeting. A public hearing will be held at that meeting.
- Mr. Hoppe also mentioned that the City Council would have consideration of the EIC/KEDC agreement

7. ANNOUNCEMENTS: None

8. ADJOURNMENT

Mr. Early adjourned the meeting at 4:48 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

Cheryl Brown, Interim City Secretary

Agenda Item:

3A. Monthly financials for August 2018.



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

SUBJECT: EIC Monthly Financial Statements for the month ended August 31, 2018

AGENDA DATE OF: 9/18/2018

DATE SUBMITTED: 9/14/2018

SUBMITTED BY: Amy Dozier, CFO

EXHIBITS: Financial Reports

Expenditure Required: n/a	Current Balance in Account: n/a	Amount Budgeted: n/a	Account Number: n/a
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PAYMENT TO BE MADE TO: Click or tap here to enter text.

Kerrville 2050 Item?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
Key Priority Area	Choose an item.	
Guiding Principle	Choose an item.	
Action Item	N/A	

SUMMARY STATEMENT:

The EIC operating fund received sales tax revenue of \$323,628 in August 2018. This represents an increase of 5.48% compared to August 2017 due primarily to increases in retail and manufacturing categories. Interest income for the month was \$7,126. EIC's money is primarily invested in TexPool, which is earning 2.19% as of September 13th.

Expenditures for the month were \$101,169, which included budgeted transfers for debt service and the administrative service fee.

RECOMMENDED ACTION:

Information only; no action required.

ECONOMIC IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE MONTH ENDED AUGUST 31, 2018

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE			\$2,272,941		\$2,272,941
REVENUES					
Sales and Use Tax	3,476,206	323,628	3,160,956	90.9%	315,250
Interest Income	15,000	7,126	69,741	464.9%	(54,741)
Fox Tank Agreement Reimbursement	-	-	10,000		(10,000)
TOTAL REVENUES	3,491,206	330,754	3,240,696	92.8%	250,510
EXPENDITURES					
Administrative					
Office Supplies	500	-	80	16.0%	420
Administrative Services Fee	100,000	8,333	91,667	91.7%	8,333
Legal Services	-	-	416		(416)
Filing Fees	-	-	25		(25)
Kerr Economic Development Corp	140,000	-	140,000	100.0%	-
Total Administrative	240,500	8,333	232,188	96.5%	8,312
Category I - Business Development					
ED Set Aside	500,000	-	-	0.0%	500,000
Total Category I	500,000	-	-	0.0%	500,000
Category II - Quality of Life					
Tennis Center	750,000	-	750,000	100.0%	-
Downtown Streetscape Enhancements	200,000	-	200,000	100.0%	-
Debt Service - Series 2011A (River Trail)	259,890	21,696	238,193	91.7%	21,697
Debt Service - Series 2012 (River Trail)	253,413	20,861	232,553	91.8%	20,860
Debt Service - Series 2015 (Sports Complex)	605,350	50,279	555,071	91.7%	50,279
Total Category II	2,068,653	92,836	1,975,817	95.5%	92,836
Category III - Public Infrastructure					
Housing	250,000	-	250,000	100.0%	-
Reuse Distribution Lines	1,500,000	-	1,500,000	100.0%	-
Debt Service - Legion Lift Station	200,000	-	-	0.0%	200,000
Total Category III	1,950,000	-	1,750,000	89.7%	200,000
TOTAL EXPENDITURES	4,759,153	101,169	3,958,005	83.2%	801,148
CHANGE IN NET POSITION	\$ (1,267,946)	\$ 229,584	\$ (717,308)		
ENDING CASH BALANCE	\$ 1,004,994			\$ 1,555,633	

Sales Tax Revenue Analysis - FY18

Month	Actual FY2016	Actual FY2017	Budget FY2018	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	370,772	354,753	-0.66%	-4.32%
March	223,790	248,560	258,077	242,127	-2.59%	-6.18%
April	237,432	240,783	250,002	241,702	0.38%	-3.32%
May	307,046	308,696	320,513	324,560	5.14%	1.26%
June	243,070	261,944	271,971	286,255	9.28%	5.25%
July	249,278	282,792	293,618	306,165	8.27%	4.27%
August	290,011	306,807	318,553	323,628	5.48%	1.59%
September	301,250	275,901				
YTD Total	\$ 3,215,695	\$ 3,360,592	\$ 3,202,788	\$ 3,160,956	2.47%	-1.31%

Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 1,555,633	8/31/2018
75	EIC Projects Fund (capital projects fund)	2,350,000	8/31/2018
	Total Cash and Investments	\$ 3,905,633	8/31/2018

Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	8/31/2018
Short Term Investment	EIC TexPool	3,895,633	8/31/2018
	Total Cash and Investments	\$ 3,905,633	8/31/2018

Project Funding

Project Inception	Project Description	Budget	Funding Transferred to Project	Funding Transferred to EIC Project Fund
2012-13	Downtown Streetscape	\$ 765,100	\$ 765,100	\$ -
2014-15	ED Set Aside	1,500,000	-	1,500,000
2015-16	Olympic Pool	100,000	100,000	-
2015-16	Housing	850,000	-	850,000
2016-17	Tennis Center	1,500,000	1,500,000	-
2016-17	Distribution Lines	3,000,000	3,000,000	-
TOTALS		\$ 7,265,100	\$ 5,365,100	\$ 2,350,000

Project Summary

Project	Project Budget	EIC	General Fund	Water and Sewer Fund	Other Funds/Loans/Grants	Bond Proceeds	Project Expense To Date	Project Balance
River Trail	6,525,000	6,000,000	-	-	-	525,000	6,168,221	356,779
Louise Hays Park	2,677,382	2,600,000	18,785	-	58,597	-	2,641,207	36,175
Downtown Streetscape	765,100	765,100	-	-	-	-	47,968	717,132
Kerrville Sports Complex	10,500,000	9,000,000	-	-	1,590,000	8,910,000	10,475,260	24,740
Olympic Pool	100,000	100,000	-	-	-	-	95	99,906
Reuse System	21,803,000	3,000,000	-	4,235,421	7,731,625	8,035,954	20,252,451	1,550,549
Tennis Center	1,500,000	1,500,000	-	-	-	-	44,667	1,455,333

Agenda Item:

3B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Parking Garage Streetscape

Legion Lift Station

There is no agenda bill for this item.

Agenda Item:

4A. Economic Development Grant Agreement between Kerr Economic Development Corporation and the City of Kerrville, Texas Economic Improvement Corporation.

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

SUBJECT: Public Hearing and consideration of an Economic Development Grant Agreement between the EIC and KEDC for an amount up to \$140,000.00 for Fiscal Year 2019.

FOR AGENDA OF: Sept. 17, 2018 **DATE SUBMITTED:** Sept. 14, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: Economic Development Agreement with KEDC Business Plan and Budget exhibits

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$140,000.00		\$140,000.00	40-800-443

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

FY 2018 marked the last year of a three-year economic development grant agreement between the Economic Improvement Corporation (EIC) and the Kerr Economic Development Corporation (KEDC) for the provision of a comprehensive economic development program. The current agreement expires Sept. 30th, 2018.

The new agreement has been drafted for a one-year term whereby the KEDC is requesting \$140,000 from the EIC for the implementation of a comprehensive economic development program over the next fiscal year. The KEDC is also requesting \$24,500.00 each from the City, County, and KPUB, under separate grant agreements with each entity. The \$140,000 KEDC request was budgeted in the EIC's FY19 Budget, per the annual work program review presented to the EIC on July 16th.

A public hearing is required of all economic development grant agreements. If approved, City staff anticipates this grant agreement to be on the City Council's Sept. 25th, 2018 Council Agenda.

RECOMMENDED ACTION

Staff recommends approving KEDC's funding request in an amount not to exceed \$140,000.

**ECONOMIC DEVELOPMENT GRANT AGREEMENT BETWEEN
KERR ECONOMIC DEVELOPMENT CORPORATION AND THE
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT
CORPORATION**

This Economic Development Grant Agreement ("Agreement") is entered into as of the Effective Date by and between **KERR ECONOMIC DEVELOPMENT CORPORATION** ("KEDC"), a Texas nonprofit corporation, acting herein by and through its duly authorized officer; and, the **CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION** ("EIC"), a Type B Economic Development Corporation established pursuant to Chapters 501, 502, and 505 of the Texas Local Government Code; as amended (i.e., the Development Corporation Act and hereafter referred to as "the Act"), acting by and through its duly authorized President. KEDC and EIC are sometimes collectively referred to herein as "Parties" and individually as "Party".

WITNESSETH:

WHEREAS, Section 505.102 of the Act provides that the EIC may contract with another private corporation to (1) carry out an industrial development program or objective; or (2) assist with the development or operation of an economic development program or objective consistent with the purposes and duties specified by the Act; and

WHEREAS, pursuant to Section 505.103 of the Act, the EIC is authorized to provide funding for promotional expenses, such expenses which are used to advertise or publicize the City for the purpose of developing new and expanded business enterprises; and

WHEREAS, KEDC is a 501(c)6 private non-profit entity whose purpose is to support and promote the retention, expansion, and attraction of business entities in Kerr County in a manner that complements the efforts of its economic development partners and enhances the quality of life for residents of Kerrville and surrounding areas; and

WHEREAS, KEDC has applied for funding from the EIC for marketing to expand and increase its efforts toward the promotion of economic development in the Kerrville area; and

WHEREAS, the EIC finds that the formation of the KEDC was intended to promote and develop new or expanded business enterprises and to foster the creation or retention of "primary jobs," as that term is defined by the Act; and

WHEREAS, pursuant to Section 505.103 of the Act, the EIC is limited to spending not more than 10 percent of its current annual revenues for promotional expenses in any given year; and

WHEREAS, EIC has determined that such a grant ("Grant") complies with the Act and is in keeping with the mission of EIC and *City of Kerrville Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures* in that it will enhance business development and/or the "quality of life" within the community; and

WHEREAS, EIC finds that it will be in the public interest to enter into an agreement with KEDC to provide sales tax revenues collected pursuant to the Act ("4B Revenues") to KEDC for costs related to marketing expenses for economic development; and

WHEREAS, on September 17, 2018, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, EIC held a public hearing pursuant to Section 505.159 of the Act related to the proposed expenditure of 4B revenues for the purposes provided above;

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

ARTICLE I. EIC'S OBLIGATIONS

- A. Subject to terms found elsewhere in this Agreement, EIC hereby grants \$140,000.00 ("Grant") to KEDC for the Term, as defined below. EIC shall pay the Grant to KEDC in equal quarterly payments, with the 1st such payment being paid on or before October, 10, 2018. Thereafter, EIC will make each payment within ten (10) days of the beginning of each new quarter (i.e., January, April, July)
- B. EIC's payments to KEDC are solely intended for KEDC's costs directly related to: i) carrying out an industrial development program or objective; or ii) assisting with the development and operation of an economic development program or objective consistent with the purposes and duties specified by the Act. Such activities are collectively referred to herein as "Economic Development," and are as specifically provided in Article II, below.
- C. In no event shall the total amount of the Grant from EIC to KEDC exceed \$140,000.00.
- D. KEDC specifically agrees that EIC shall only be liable to KEDC for the actual amount of the Grant to be conveyed to KEDC and shall not be liable to KEDC for any other actual or consequential damages, direct or indirect, interest, attorney fees, or costs of court for any act of default by EIC under the terms of this Agreement.

ARTICLE II. KEDC'S OBLIGATIONS

- A. Pursuant to the purposes for which the Grant was awarded and in strict accordance with Section 505.102 of the Act, KEDC shall use the Grant for only those costs directly resulting from its Economic Development. Toward this end, KEDC will conduct Economic Development pursuant to its adopted "2018-22 Business Plan", which is attached as **Exhibit A**.
- B. KEDC shall hire and employ sufficient professional personnel to perform its Economic Development obligations.
- C. KEDC shall maintain complete and accurate records relating to the costs and expenditures made for Economic Development as specified in KEDC's 2018-19 budget as approved by its Board of Directors and attached as **Exhibit B**. KEDC shall maintain such records separate and identifiable from its other records and for three (3) years following the termination of this Agreement. EIC and its representatives shall be entitled to inspect the records during the term of this Agreement and for three (3) years thereafter, upon reasonable notice.
- D. KEDC, either through its Executive Director or another representative, must appear at each regular meeting of the EIC or make a presentation regarding its Economic Development and related metrics pursuant to a regularly posted agenda item. Where appropriate, the Executive Director or KEDC representative will provide written documentation to support the presentation.
- E. KEDC shall only be liable to EIC for the actual amount of the Grant to be conveyed to KEDC and shall not be liable to EIC for any other actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by KEDC under the terms of this Agreement.

ARTICLE III. KEDC'S REPRESENTATIONS AND WARRANTIES

- A. KEDC represents and warrants as of the date hereof:
 - (1) KEDC is a Texas 501(c)6 private non-profit corporation existing in good standing and authorized to do business in the State of Texas;
 - (2) Execution of this Agreement has been duly authorized by KEDC and this Agreement is not in contravention of KEDC's corporate charter, or any agreement or instrument to which KEDC is a party or by which it may be bound as of the date hereof;

- (3) No litigation or governmental proceeding is pending, or, to the knowledge of the Executive Director, threatened against or affecting KEDC, which may result in a material adverse change in KEDC's business, properties or operations sufficient to jeopardize KEDC's legal existence; and
- (4) No written application, written statement or correspondence delivered by KEDC to EIC in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of the Executive Director, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading.

B. Except as expressly set forth in this Article III, KEDC makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

ARTICLE IV. EIC'S REPRESENTATIONS AND WARRANTIES

- A. EIC represents and warrants as of the date hereof:
 - (1) EIC, to the best of the knowledge of its Board of Directors, is legally authorized to enter into this Agreement by virtue of the statute under which it is governed and by the authorities and powers vested in it as a corporation duly and properly organized under the Act;
 - (2) Execution of this Agreement has been duly authorized by EIC;
 - (3) No litigation or governmental proceeding is pending, or, to the knowledge of any of EIC's officers, threatened against or affecting EIC, which may result in EIC's inability to meet its obligations under this Agreement; and
 - (4) EIC has no reasonable basis for believing that it has or will have incurred debts beyond its ability to pay as such debts mature, including but not limited to the obligations set forth in this Agreement.
- B. Except as expressly set forth in this Article IV, EIC makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

ARTICLE V.
**MAJOR FORCES PREVENTING KEDC FROM CARRYING
OUT ITS OBLIGATIONS UNDER THIS AGREEMENT**

If, by reason of force majeure, such as fire, flood, windstorm, drought, or other act of God, act of war, act of terrorism, labor strike, or economic downturn affecting KEDC, KEDC is reasonably unable to fulfill its obligations under this Agreement, KEDC shall use reasonable and diligent efforts to rectify the situation to allow it to perform its obligations specified herein with all due haste. In the event that the situation cannot be rectified within six (6) months after the occurrence of the force majeure, either party may terminate this Agreement by providing thirty (30) days advance written notice to the other without further liability hereunder. To the extent that KEDC has not expended funds from the Grant, KEDC shall immediately, but in any event within ten (10) days, return such funding to the EIC and to other funding stakeholders on a pro-rata basis.

ARTICLE VI.
**CONDITIONS UNDER WHICH EIC MAY SUSPEND PERFORMANCE
OF ITS OBLIGATIONS UNDER THIS AGREEMENT**

Under any of the following conditions EIC may, at its option, after fifteen (15) days written notice to KEDC, suspend its further performance under this Agreement until such time as KEDC shall have cured the condition(s) and so notified EIC, in writing, that the condition(s) have been cured:

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

Should any of these conditions not be cured by KEDC within a period of three (3) months EIC may, at its option, with written notice to KEDC, terminate this Agreement and KEDC shall have no further obligations hereunder.

ARTICLE VII.
REMEDIES

- A. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, by any party hereto, or any successor to such party, such defaulting or breaching party (or successor) shall upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, within sixty (60) days after receipt of such notice. In the event that remedial action is not taken or not diligently pursued and the default or breach shall not be cured or remedied within a reasonable time (but in no event later than ninety (90) days from the date of notification of such breach), the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including but not limited to, seeking specific performance and/or injunctive relief, enforcement by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the project in accordance with this Agreement, as required by the Act.
- B. Upon breach of this Agreement by either party and the failure to cure as permitted by this Article VII, the non-breaching party shall have the sole right and discretion to either terminate this Agreement or pursue any and all remedies which may be provided by law and this Agreement. Each party acknowledges and agrees that no party hereunder shall be entitled to recover any amounts in excess of the Grant contracted for under this Agreement and that no party hereunder shall be liable to the other party for any other actual or consequential damages for any act of default by such party under the terms of this Agreement.
- C. Any delay by any party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not, so long as the breach or default by another party shall be continuing, operate as a waiver of such rights or to deprive it of or limit such rights in any way; nor shall any waiver in fact be made by any party with respect to any specific default by any other party except to the extent specifically waived in writing.

ARTICLE VIII. GENERAL PROVISIONS

- A. **Severability.** The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

- B. Amendment. This Agreement may be amended only by written amendment signed by both parties.
- C. Venue. All payments made pursuant to this Agreement and other obligations performed under this Agreement shall be made or performed in Kerrville, Kerr County, Texas. Venue shall lie in Kerr County, Texas; and this Agreement shall be governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.
- D. Notices. All notices given with respect to this Agreement shall be in writing and shall be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

1. EIC
President
City of Kerrville, Texas, Economic Improvement Corporation
City Hall, 701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

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

2. KEDC President
1700 Sidney Baker Suite 100
Kerrville, Texas 78028
Phone: (830) 896-1175

- E. Assignment. This Agreement shall be binding upon the parties hereto and their successors and assigns. This Agreement may not be assigned by either party without the specific prior written consent of the other, which consent will not be unreasonably withheld. In the event that a party consents to any valid assignment of this Agreement by the other party hereto, the assigning party shall be relieved of any and all obligations and liabilities on the part of such

assigning party under this Agreement. KEDC may, without written consent of EIC, assign this Agreement to any entity controlled and 100 percent owned by KEDC or by the parent, subsidiary or affiliate of KEDC provided the entity assumes all of KEDC's obligations and liabilities under this Agreement; agrees to comply with all provisions of this Agreement; has the legal, managerial, technical and financial ability to properly perform and discharge such obligations and liabilities; and such abilities are each at least as great as those of KEDC and KEDC provides a written guarantee of such assignee's performance in a form reasonably acceptable to EIC. EIC shall be advised in writing of such assignment and of the entity's qualifications at least sixty (60) days before such assignment occurs.

F. Parties In Interest. Nothing in this Agreement shall entitle any party other than KEDC or EIC to any claim, cause of action, remedy or right of any kind except as expressly provided in Article VII.

G. Term. The term of this Agreement (the "Term") shall commence on October 1, 2018 (the "Effective Date"), and shall terminate on the earlier of: (i) September 30, 2019; (ii) when terminated by mutual agreement of the parties; (iii) when terminated pursuant to Article VII; (iv) at KEDC's sole and absolute discretion but only upon and subject to KEDC's return of all Grant funding to EIC that it has received under this Agreement; or, (v) upon KEDC's repayment of all monies that are demanded by EIC. Upon termination of this Agreement as specified herein, all rights, duties, and obligations of any kind under this Agreement, unless specifically provided otherwise, shall automatically expire and terminate and be of no other force and effect.

H. Interpretation. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the parties, at arms length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.

I. Indemnity. IT IS UNDERSTOOD AND AGREED BETWEEN THE PARTIES THAT KEDC, IN PERFORMING ITS OBLIGATIONS HEREUNDER, IS ACTING INDEPENDENTLY, AND EIC ASSUMES NO RESPONSIBILITY OR LIABILITY IN CONNECTION THEREWITH TO KEDC. KEDC AGREES TO INDEMNIFY AND HOLD HARMLESS EIC, ITS OFFICERS AND AGENTS, AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS THAT MAY ARISE OUT OF OR BE OCCASIONED BY KEDC'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR BY ANY

NEGLIGENCE ACT OR OMISSION OF KEDC, ITS OFFICER, AGENTS, ASSOCIATES OR EMPLOYEES, IN THE PERFORMANCE OF THIS AGREEMENT; AND NOTHING HEREIN SHALL BE CONSTRUED AS A WAIVER OF ANY GOVERNMENTAL IMMUNITY AVAILABLE TO EIC UNDER TEXAS LAW.

- J. No Joint Venture. Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties.
- K. Survival of Terms. All rights, duties, liabilities and obligations accrued prior to termination shall survive termination.
- L. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof.

EXECUTED AND EFFECTIVE, as of the date indicated above, by the City of Kerrville, Texas, Economic Improvement Corporation, by and through its Board President, duly authorized to execute same by action of the Board, and by Kerrville Economic Development Corporation, acting through its President.

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

Kenneth Early, President

**KERRVILLE ECONOMIC
DEVELOPMENT CORPORATION**



Mike Wittler, President

ATTEST:

Cheryl Brown, Recording Secretary

APPROVED AS TO FORM:

Michael C. Hayes, Attorney for EIC



2018-2022

Business Plan

July 12, 2018

EXECUTIVE SUMMARY

VISION

The Kerr Economic Development Corporation (KEDC) is a 501(c)(6) non-profit public-private regional economic development organization committed to creating a more prosperous and diverse regional economy. To better serve the region, KEDC proposes to form a Partnership with the Kerrville Chamber of Commerce. As a result, the Partnership, will combine the Chamber's business-to-business network of 1,000 members and access to local resources with the KEDC's technical expertise and connection to regional resources to provide optimum economic development services throughout Kerr County.

Moreover, the newly formed Partnership will seek to eliminate administrative redundancies, reduce operating expenses as well as create a unified vision and voice for penetration into new business markets through enhanced communication efforts, a broad regional business network that will improve KEDC's business retention and recruitment efforts.

MISSION

It is KEDC's mission to adopt a more comprehensive approach to economic development and to aggressively attract, start-grow and retain higher wage industries, talent and jobs. KEDC and Chamber of Commerce will also collaborate with the Convention & Visitors Bureau's regional marketing platform to promote Kerr County and its communities as a primary location for economic investment and business expansion.

KEDC will continue to serve as the area's lead regional economic development organization to recruit and encourage new and expanded business development and a talented business employment pool. Leadership for both organizations will be unified, and the current President and CEO of the Kerrville Area Chamber of Commerce will also serve as the Executive Director of the Kerr Economic Development Corporation.

More specifically, the Partnership will:

- Help existing companies with their expansion needs when requested by the locality or the company.
- Identify and target regional and national companies for recruitment to Kerr County.
- Aggressively market the competitive advantages of Kerr County.
- Develop and promote a region inclusive of and bolstered by its individual community brands.
- Focus on achieving regional success that is broad-based and inclusive of each partner in the community.
- Organize, grow and strengthen higher wage industry across the region.
- Maintain a regional economic development information, research and resource center.
- Promote entrepreneurship and support startup businesses.
- Identify and support regional efforts that lead to a broad and diversified economic base.

Formation of the Partnership will benefit both organizations by:

- Creating a unified vision and voice.
- Delivering additional value to Chamber members through Economic Development technical support.
- Providing KEDC access to the Chamber's relationships and network of members to enhance Business Retention and Expansion activities.
- Enhancing marketing efforts to improve business retention and recruitment efforts.
- Providing a more comprehensive approach to economic development to aggressively attract, grow and retain higher wage industries, talent, and jobs.
- Streamlining resources and eliminating administrative redundancies.
- Improving regional competitiveness through greater awareness of available real estate, financial incentives, workforce and quality of life.
- Strengthen the Chamber's Core Mission to bring together a wide range of business that can share information on competitiveness.
- Creating a "One-Stop Shop" for existing and prospective businesses
- Providing additional professional development for staff.

STRATEGY

It is the KEDC's belief that economic development should increase opportunities for today's businesses, while expanding the possibilities for younger people in Kerr County to stay in the region and obtain nationally competitive jobs.

Therefore, KEDC will aggressively pursue a higher wage job creation strategy that will be developed through a broad-based and inclusive planning effort during 2018. A Five-Year Higher Wage Job Creation Strategy plan will be developed based on industry research and higher wage job creation models focusing on the region's current and emerging advanced industrial sectors. The plan will drive the creation of higher wage jobs in the region overall through new-to-market business recruitment.

STRATEGIC APPROACH & PRIORITIES

The four areas of primary focus for developing a Higher Wage Job Creation Strategy were first developed through a series of strategic planning sessions that were facilitated by Avalanche Consulting of Austin, Texas on December 12, 2017 and January 29, 2018.

1. Business Retention and Expansion (BR&E)
2. Strategic Development Leveraging Existing Community Infrastructure
3. Talent Development
4. Business Recruitment

Revenue to support Kerr County's economic development efforts comes from funding provided by the City and County government and local utility partners. Future funding models will be reviewed as part of the 2018 planning process.

KEDC will continue to focus on the growth of "Primary Jobs" through the use of various tools authorized by Stakeholders and other entities. "Primary Employer" means a business that provides or manufactures goods, services, supplies and/or inventory that are sold predominantly (more than

50%) to customers that permanently reside outside of the immediate region (more than 30 travel miles from the intersection of State Highway 16 and State Highway 27). Primary Job means a job or position employed by a Primary Employer.

Examples of Primary Employers are:

- A manufacturer that produces a good its sales can be predominantly attributed to customers who reside outside of the immediate region.
- A company that provides a service and its sales can be predominantly attributed to customers who reside outside of the immediate region.
- An educational or training institution of higher education that has a student body who predominantly resides outside of the immediate region on a permanent basis.

1. BUSINESS RETENTION AND EXPANSION

KEDC will successfully develop and maintain a proactive direct outreach and prospecting program focused on generating quality leads that can be nurtured and converted into job creation, and job diversification opportunities for the region.

Accelerating regional business and industry expansion is a key component of KEDC's primary business attraction strategy. Maintaining and growing employment, payroll, capital investment and corporate partners foster stability in the regional economy. Therefore, KEDC will continue to address primary industry needs through engagement in cluster development, expansion of financial incentives, technical support and real estate assistance.

Since fierce global competition forces many companies to continually evaluate the best location for their business, KEDC will work in close alignment with its public-sector partners to conduct outreach to target sector firms and encourage/support economic growth and expansion projects. Outreach visits to these sectors will provide valuable insight on business drivers, workforce challenges, and regional competitiveness.

In support of the direct outreach and prospecting program, KEDC offers a full range of services to assist companies as they evaluate Kerr County as a premier and high-quality location in which to locate and grow their companies. Business development activities and strategies will be focused on targeted industries through organized marketing for both inbound and outbound promotion.

Action Items

- Plan and execute a targeted program of regional and national business development.
- Outreach missions targeting select high-impact companies in select markets.
- Plan and execute focused outreach to site selectors, consultants and advisors in key markets.
- Leverage resources by engaging and coordinating business development efforts within Kerr County.
- Support and participate in Governor's Small Business Forum.
- Plan a biennial event to bring Texas site selectors to Kerr County as part of familiarity tour.
- Participate in or sponsor booths at selected targeted industry trade shows/conferences.
- Support the region's communities as needed by hosting select business delegations.

2. STRATEGIC DEVELOPMENT OF INFRASTRUCTURE

Infrastructure is not the end result of economic activity; rather it is the framework that makes economic activity possible.

Action Items

- Continue to develop the Location One Information System (LOIS) property inventory to track changes in commercial and industrial property inventory.
- Create an Industrial Park Plan specific to development of the Hwy 27 corridor.
- Site selectors most often consider hard infrastructure assets when representing clients. Therefore, marketing materials will include information on: 1) number and quality of roadways; 2) airport capacity; 3) availability of electrical, natural gas, water and sewer.
- Work with private property owners to market shovel-ready property.

3. TALENT DEVELOPMENT

Education has been identified as an important determinant of economic growth. Higher levels of educational attainment lead to a more skilled and productive workforce, providing a higher standard of goods and services, which in turn forms the basis for faster economic growth and rising living standards.

Action Items

- Establish a local chapter of the SCORE Association or similar business mentoring program. SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. SCORE is supported by the U.S. Small Business Administration and volunteers; SCORE delivers services at little or no cost. Kerr County has a significant number of retired Executives that could be used more effectively as mentors, advisors and investors.
- Create strong innovation ecosystems, particularly through initiatives like cluster organizations, business accelerators, and innovation districts.
- Update the Avalanche Consulting Labor Shed Analysis to identify Kerr County's strengths that can be promoted through local training and educational institutions.
- Work with Alamo Colleges, the University of Texas at San Antonio, Workforce Solutions and others to increase regional workforce initiatives in the construction trades that could eventually encourage the development of affordable housing.
- Build solid bridges between the world of work and training programs in order to match skills provision to the needs of local business.
- Create sustained dialogue between employers and trainers, by providing labor market and employment services information as steps to an early identification of skills needs.
- Develop relationships between employers and educators by centralizing data on job placement and workforce trends.
- Develop common definitions of credentials and streamlining the process for employers to implement apprenticeship and cooperative education programs.

4. BUSINESS RECRUITMENT

Although revitalizing a community is less about what you can attract from outside and more about what you can grow yourself, some effort should be made to recruit new business to Kerr County.

Action Items

- Work with Kerr County's more prominent companies to identify suppliers and vendors that may be interested in moving to the area.
- Direct market to companies and site selectors within Kerr County's target industries for relocation to the area.
- Create a local environment/culture for early-stage business through 1) micro-loans, business incubators, business accelerators to cultivate a niche market.
- Work with Mooney International to approach airplane partners about relocation opportunities.
- Work with Mooney International to establish sources of Aviation Engineering for future R&D expansion.

PRIORITY AREAS

In support of a creating a Higher Wage Job Creation Strategy, the KEDC will concentrate time, energy and financial resources in five priority areas.

1. COMPETITIVENESS IMPROVEMENT

- **Regional Business Identity and Brand:** Launch a collaborative community-based effort supported by the CVB, to strengthen, merchandise and promote the region's business identity with a focus on Kerr County and the City of Kerrville as business-friendly and a good place for business.
- **Higher Wage Industry Growth:** Support and assist in efforts to organize, develop and accelerate growth and the competitive position of the region's current and emerging higher wage industry sectors.
- **Competitive Product Strategy:** Partner with (Alamo Colleges, Schreiner University, UTSA, KISD, Workforce Solutions and others) to improve the region's competitive position in the areas of workforce and talent recruitment.

2. MARKETING AND PROMOTION

- **Middle-Market Recruitment:** Focus business outreach efforts on attraction and recruitment of small to mid-sized businesses, within Austin and San Antonio MSA, identified within the target industry sectors that can broaden the local employment base while allowing the local infrastructure to develop.

3. BUSINESS DEVELOPMENT AND PROMOTION

- **Site Locators, Consultants and Advisors:** Elevate awareness of the opportunities in Kerr County through proactive outreach to site locators, consultants and industry advisors.

4. BUSINESS NETWORKING

- **Economic Forum:** Work with City and County leaders to organize and launch an Economic Forum to create a peer region benchmarking program with Fredericksburg and Boerne to inform/educate regional leadership about common issues/concerns such as workforce, affordable housing and education/skills development.
- **Enhanced Company/Industry Research Platform:** Collaborate with UTSA, Alamo Colleges, Texas A&M Real Estate Center and Schreiner University to strengthen research capability and data collection in target sectors.

5. INVESTOR RELATIONS AND ENGAGEMENT

- **Investor Relations and Engagement:** Bring together a cross section of business community members to review, analyze and understand investor opportunities, frame new investment tiers and support opportunities.

PROGRAM MEASUREMENT AND EVALUATION

KEDC is a strong proponent of the belief that “what gets measured gets done”. Measurement can be a powerful catalyzing force to engender a more inclusive overall economy. Therefore, the KEDC’s approach to program evaluation includes three types of assessment.

1. **Monitor Progress:** Success in carrying out program activities on schedule and within budget.
2. **Evaluate Effectiveness:** Determine whether efforts achieve prescribed objectives.
3. **Measure Impact:** Assess positive changes in the overall environment that relate to program actions.

Within this context, the KEDC will develop a system of performance assessments that evaluates both historical performance and functions as a management tool to drive future actions and results. With a clear understanding of what performance areas should be measured, KEDC can also develop a best practice approach to setting specific performance targets and goals.

TOP-LEVEL METRICS AND PERFORMANCE INDICATORS

The following chart illustrates potential top-level Key Performance Indicators (KPIs) that have been identified to measure future performance. Specific threshold and target goals will be determined as performance is measured and monitored in the future.

Annual Metric or Performance Measure	Threshold Goals	Target Goals
Projects Completed		
Jobs Announced		
Payroll Announced		
Capital Investment Announced		
Absorption of Commercial/Industrial Space (S.F.)		
Average Wage		
Lead Generation		
Project Generation		
Prospects Hosted		
Return on Investment		
Utilization of 4B Funding		

Action Items

- Design and implement a Quarterly Project Activity Report (Exhibit D) covering regional progress and organizational performance.
- Conduct specialized research, reports as required to highlight Kerr County's: business climate and cost; industry base; physical infrastructure; real estate availability; and talent pool.
- Convene biannual workshops with partnering agencies (City, County, EIC and KPUB) to refine program benchmarks.

TARGETED INDUSTRIES & SECTORS

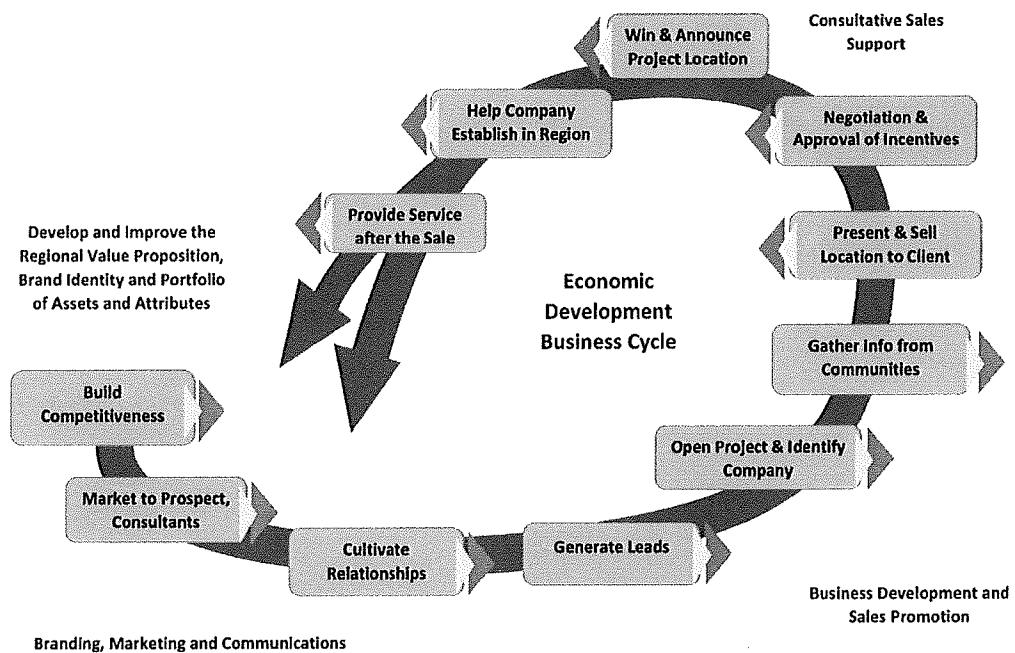
KEDC will continue to target industries where Kerr County has a natural advantage. Industry sectors that job creation efforts are focused on will periodically be reevaluated. The sectors currently being focused on include:

- Advanced Manufacturing
- Aviation, Aerospace & Defense
- Craft Agriculture
- Energy
- Food Processing & Storage
- Information, Analytics & Security
- Life Sciences & Healthcare

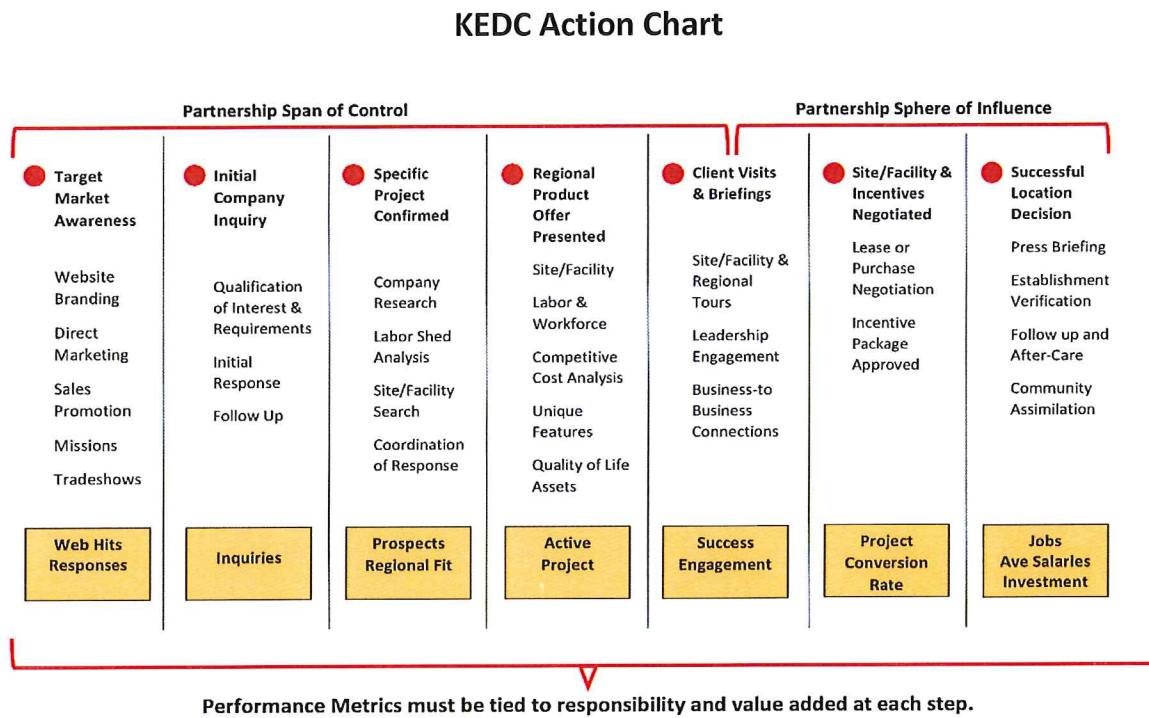
STRATEGIES, OPERATIONAL PLANS AND TACTICS

KEDC will concentrate its efforts where it can add value in the economic development business cycle.

Exhibit B



The chart below illustrates, how through “The Partnership,” KEDC will be more capable of shifting resources throughout the site selection process to ensure better business recruitment and attraction results.

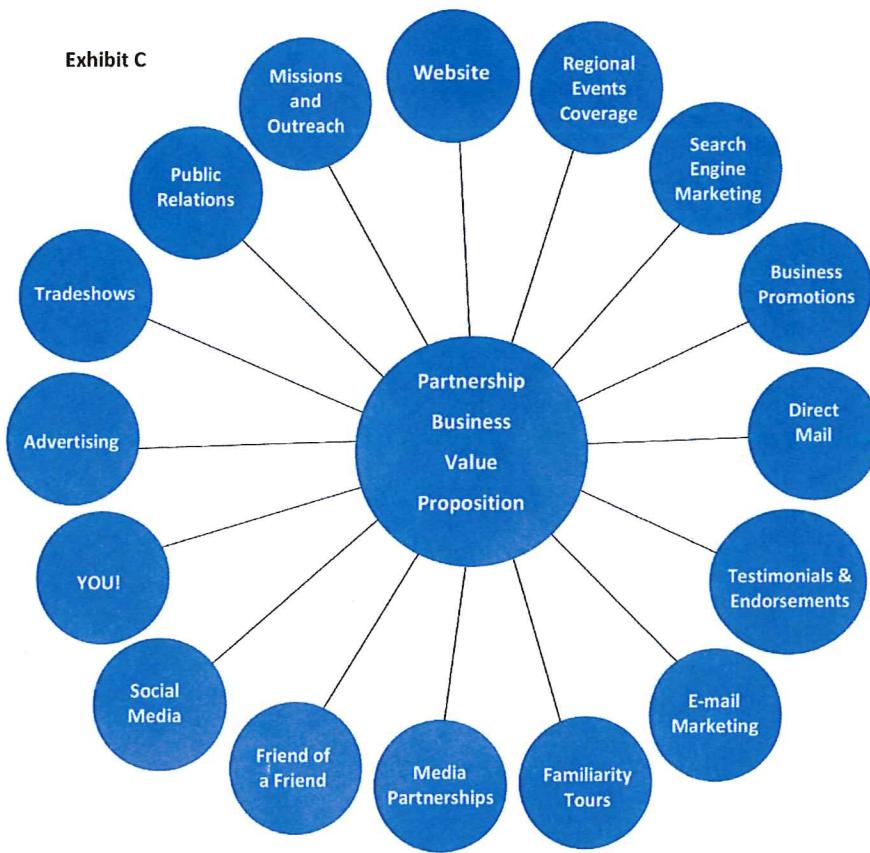


MARKETING & COMMUNICATIONS

As 2018 is the initial year of the KEDC’s revised organizational structure and business plan, a marketing and promotional campaign will be required. A marketing campaign is necessary to create more opportunities to present the region’s locational advantages to qualified business and industry prospects.

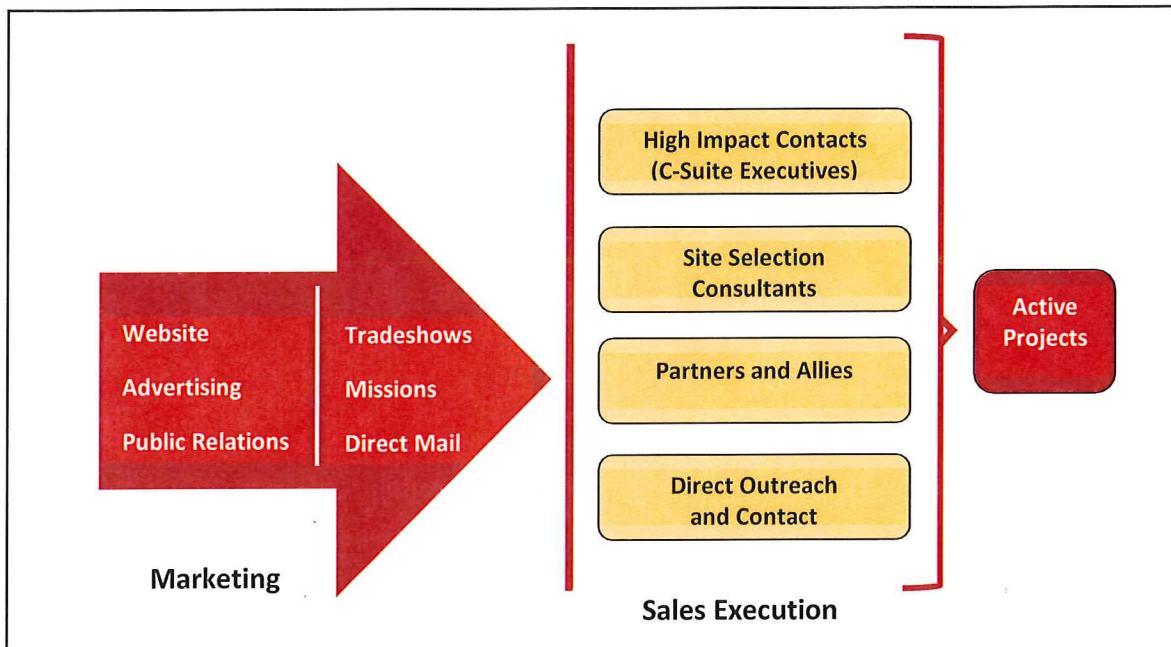
The program includes a stronger branding program along with specific marketing and promotional program enhancements. The marketing campaign’s focus is on enhancing and building perceptions about Kerr County. This will be accomplished by marketing through a variety of means including advertising, direct mail, and website content as demonstrated in (Exhibit C).

Exhibit C



Impact measures will include new leads that come directly as a result of the marketing and promotional campaign within targeted industries. The ultimate goal of the marketing campaign is to convert these leads into new business opportunities, new capital investment and new job creation for the region.

The image below demonstrates how coordinated marketing and branding efforts drive traffic to KEDC and manifests itself in terms of inquiries, leads and prospective business and industry clients. The Chamber of Commerce and the KEDC in collaboration with its regional partners will work to convert the increased traffic, leads and prospects into new business investment projects.



Action Items

- KEDC will conduct baseline research, regional identity/brand audit and prepare regional positioning assessment, retail and labor shed analysis, and business case.
- Organize and drive development of a regional identity and brand strategy platform, and an overall regional marketing and communications strategy and plan.
- Design and implement direct marketing and outreach to both site selection consultants and c-suite executives within targeted industries.
- Directly support and assist in the implementation of out-of-market business development missions to spread the Kerr County business identity message, positively change perceptions and generate leads.
- Continually refine and upgrade the messaging of the KEDC and Chamber website to coordinate messaging.
- Plan and execute a comprehensive regional communications program to ensure business and government leaders, stakeholders, partners and investors are educated and informed about the KEDC's efforts to implement the Five-Year Higher Wage Job Creation Strategy.
- Strategically involve local partners, stakeholders and investors in all efforts to spread the message of the Kerr County business identity.

INVESTOR RELATIONS & EVENTS

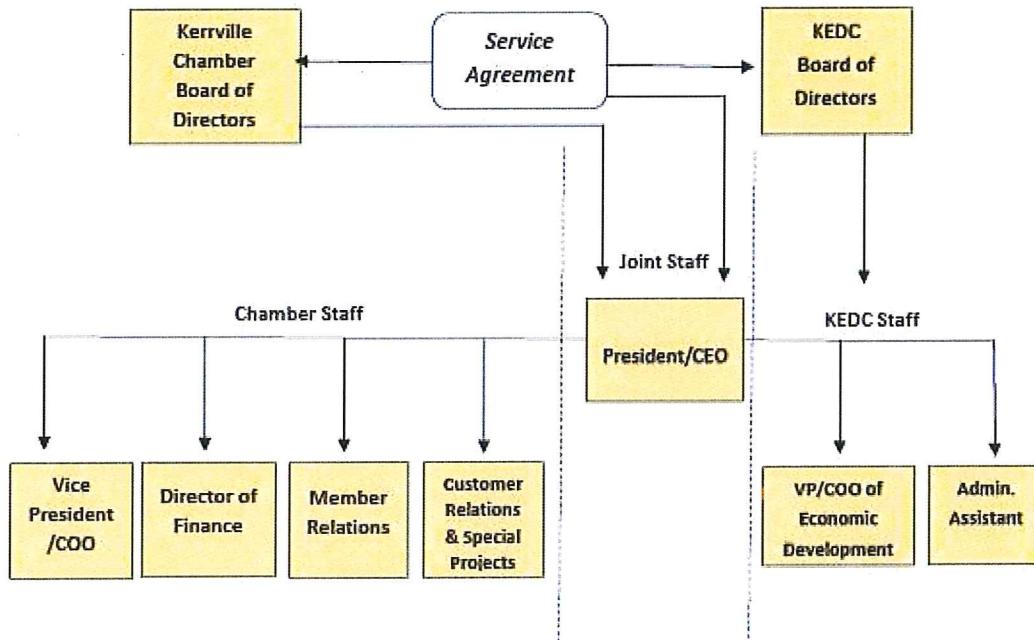
The KEDC's value is enhanced by effectively engaging both public and private stakeholders.

Action Items

- Organize and staff investor relations meetings to review, analyze and understand investor concerns, new investment opportunities and regional support efforts.
- Plan, organize and recruit attendance for two (2) Investor Update sessions across the region.

MANAGEMENT & OPERATIONS

The Partnership team is organized in a way to bring staff members of the Chamber and KEDC closer together under a single Executive responsible to both Boards. This organization is expected to eliminate administrative redundancies, streamline resources, and create a unified vision and voice. The Chamber retains the Executive as an employee and the KEDC contracts for services from the Chamber through a Service Agreement. The Executive will be the initial shared resource and other sharing will be considered as the Partnership develops. Formation of the Partnership does not require modification to either Organizations' Bylaws, and the Service Agreement will have a cancellation option with notice requirements. KEDC Staff will be hired through a KEDC Board approved process that involves the Joint President/CEO.

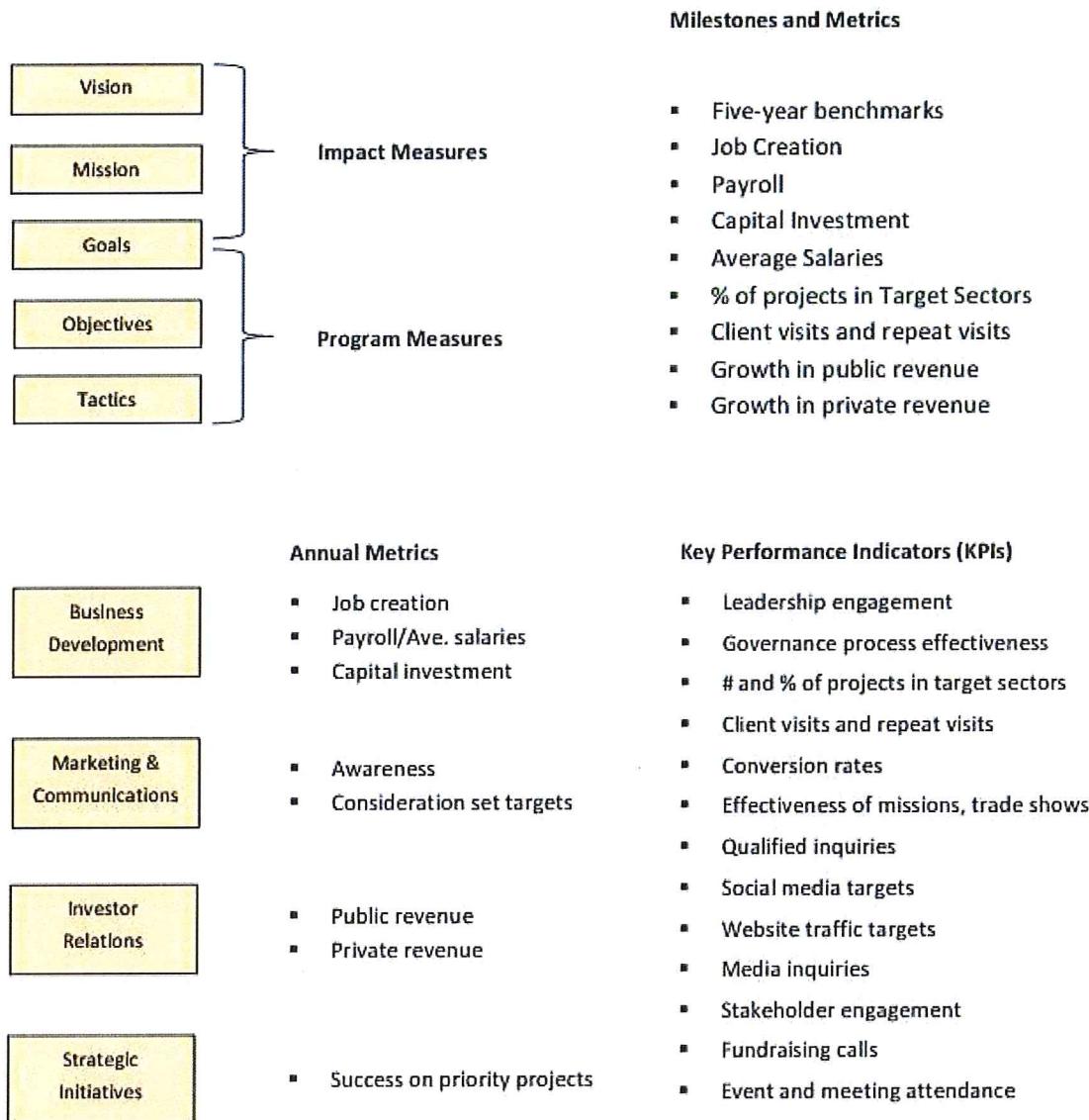


BUDGETS & FUNDING

The proposed operating budget is shown below in Table 1. The table shows the current year, 2017/2018 Budget, 2017/2018 Forecast Year End Budget Performance, and the Proposed 2018/2019 Budget. Funding requests for 2018/2019 are the same as 2017/2018. Contract Services are increased primarily due to the engagement of a recruiter to fill the vacant VP/COO of Economic Development position. Operations is down due to reduced office lease cost with the Chamber Partnership. We recognize that there is a need to enhance the efficiency of our economic development efforts and believe that there are opportunities to make improvements through economies of scale and efficiency improvements.

Table 1	2017/2018 Budget	2017/2018 Forecast YE	2018/2019 Budget
Beginning Balance	112,873.09	112,873.09	111,546.33
Income			
City of Kerrville	24,500.00		24,500.00
EIC	140,000.00	140,000.00	140,000.00
Kerr County	24,500.00		24,500.00
KPUB	24,500.00		24,500.00
Other Income			
Total Income	213,500.00	140,000.00	213,500.00
Expense			
Business Recruitment	6,500.00	8,250.00	6,500.00
Website	300.00	2,880.93	2,880.00
Marketing	3,450.00	447.46	3,450.00
Business Expenses - Other	20,000.00	235.90	20,000.00
Contract Services	3,500.00	11,227.97	16,166.67
Operations	19,850.00	13,043.01	13,050.00
Liability Insurance	900.00	1,700.00	900.00
Payroll Expenses	181,000.00	102,363.25	177,600.00
Travel and Meetings	18,000.00	1,178.24	18,000.00
Total Expenses	253,500.00	141,326.76	258,546.67
Net Income	-40,000.00	-1,326.76	-45,046.67
Ending Balance	72,873.09	111,546.33	66,499.66

Exhibit A – Performance Measurement Framework



LEGAL ENTITY

The Kerr Economic Development Corporation (KEDC) received its certificate of incorporation from the Texas Secretary of State on July 14, 2015. The business affairs of the KEDC are conducted by a board of 9 directors, all of whom have one vote on any proposition coming before the commission. As of July 2018, the KEDC Bylaws are being revised to add one additional director for the City of Kerrville and one additional director for the Kerr County Commissioners Court.

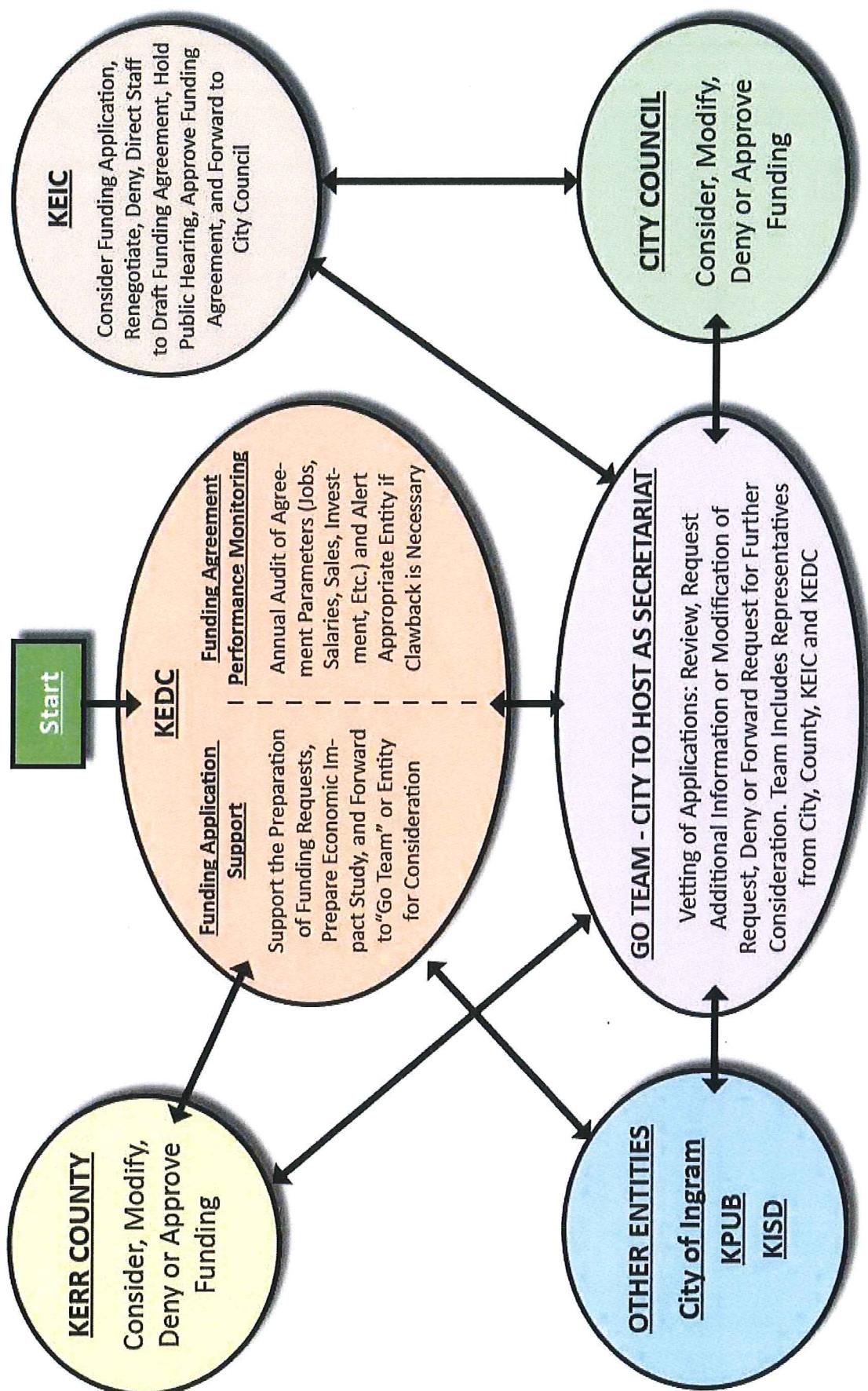
The day-to-day management of the organization is entrusted to a hired executive director that is evaluated annually by the board of directors. The leadership regularly meets the first Thursday of each month at 7:30 A.M. for monthly meetings. The officer seats of chair, vice-chair, treasurer and secretary are selected at the scheduled annual meeting in January.

PROPOSED COMPOSITION OF THE KEDC BOARD OF DIRECTORS

- One (1) representative from the Kerrville City Council (appointed by the City Council)
- One (1) representative from the Kerrville City Administration (appointed by the City Manager)
- Two (2) representatives from the Kerr County Commissioners Court (appointed by the Commissioners Court)
- One (1) representative of the Economic Improvement Corporation (appointed by the Economic Improvement Corporation)
- One (1) representative from the Kerrville Public Utility Board (appointed by the KPUB Board)
- One (1) representative from the Kerrville Chamber of Commerce Board of Directors (appointed by the Chamber of Commerce Board)
- Two (2) representatives from the Business Community (appointed by the KEDC Board)
- One (1) representative from the Kerrville Convention and Visitors Bureau (appointed by the CVB)
- One (1) representative from the Kerrville Independent School District (appointed by the KISD Board)

ECONOMIC DEVELOPMENT STAKEHOLDERS, PROCESSES, ROLES AND TOOLS

The charts below illustrate the current processes, roles and tools for handling funding requests by the Stakeholders in our community. The first chart shows KEDC providing primary support for funding applications and the Go Team vetting those applications. The Go Team routes applications to the appropriate entities to consider those applications. A large project could have multiple applications being considered by different entities at the same time. The second chart illustrates each KEDC Stakeholder's lead role(s) and the types of tools or support provided by that Stakeholder.



KEDC Stakeholders					
	City of Kerrville	Kerr County	Kerrville Economic Improvement Corporation	Kerrville Area Chamber of Commerce	Kerrville Convention and Visitors Bureau
					Lead Role
Kerr Economic Development Corporation	<ul style="list-style-type: none"> - Entry Point for ED Opportunities - Primary Jobs - Recruitment - Retention and Expansion - Workforce Development & Readiness 	<ul style="list-style-type: none"> - Go Team Secretariat - Housing - Downtown - Infrastructure - Quality of Life - Retail Development 		<ul style="list-style-type: none"> - Start ups - Incubators - Expansion of Business - Small Business Development 	<ul style="list-style-type: none"> - Tourism
Tools and Support					
	<ul style="list-style-type: none"> - Local Hub for Economic Development - State Incentives 	<ul style="list-style-type: none"> - 380 Agreements - Property Tax Abatement - TIRZ Creation - Hotel Occupancy Tax (HOT) Rebates - Retail Incentives - Infrastructure - Tourism Facilitator 	<ul style="list-style-type: none"> - 381 Agreement - Property Tax Abatement - TIRZ Participation - Retail Incentives - Infrastructure 	<ul style="list-style-type: none"> - 4B Funding - KEDC Partner - Liaison for Businesses - SBA/SCORE 	<ul style="list-style-type: none"> - Marketing and Promotion - Electric Rate Incentives - Workforce Development & Readiness

Kerr Economic Development Corporation
Proposed Budget FY2018/2019

	2017/2018 Budget	2017/2018 YTD Actuals	2017/2018 Balance to be Spent	2017/2018 Forecast YE	2018/2019 Budget
Beginning Balance	112,873.09			112,873.09	111,546.33
Income					
City of Kerrville	24,500.00	0.00			24,500.00
EIC	140,000.00	140,000.00		140,000.00	140,000.00
Kerr County	24,500.00	0.00			24,500.00
KPUB	24,500.00	0.00			24,500.00
Other Income					
Total Income	213,500.00	140,000.00	0.00	140,000.00	213,500.00
Expense					
Business Expenses					
Business Recruitment	6,500.00	8,250.00		8,250.00	6,500.00
Website	300.00	2,880.93		2,880.93	2,880.00
Marketing	3,450.00	447.46		447.46	3,450.00
Business Expenses - Other	20,000.00	235.90		235.90	20,000.00
Total Business Expenses	30,250.00	11,814.29	0.00	11,814.29	32,830.00
Contract Services					
Accounting Fees	2,500.00	365.00	810.00	1,175.00	2,500.00
Legal Fees	1,000.00		750.00	750.00	1,000.00
Other Contract Services		3,969.64	5,333.33	9,302.97	12,666.67
Total Contract Services	3,500.00	4,334.64	6,893.33	11,227.97	16,166.67
Operations					
Supplies	1,000.00	621.84		621.84	1,000.00
Telephone, Internet	2,000.00	873.31	137.02	1,010.33	4,800.00
Office Lease	9,600.00	7,200.00	1,600.00	8,800.00	0.00
Dues & Subscriptions	4,500.00	2,036.73		2,036.73	4,500.00
Operations - Other	2,750.00	574.11		574.11	2,750.00
Total Operations	19,850.00	11,305.99	1,737.02	13,043.01	13,050.00
Other Types of Expenses					
Insurance - Liability, D and O	900.00	1,700.00	0.00	1,700.00	900.00
Total Other Types of Expenses	900.00	1,700.00	0.00	1,700.00	900.00
Payroll Expenses					
Health Insurance	6,000.00	2,500.00		2,500.00	10,000.00
Payroll Taxes	12,000.00	12,019.00	440.00	12,459.00	12,000.00
Salaries ED + Admin Asst.	142,000.00	58,614.00	9,486.99	68,100.99	
Executive Director (Chamber Agreement Start 1 August 2018)		0.00	7,875.00	7,875.00	31,500.00
VP COO (assume start 1 October 2018)		0.00		0.00	100,000.00
Support Staff (Chamber Agreement Start 1 August 2018)		0.00	2,275.00	2,275.00	9,100.00
Vehicle Allowance - Director	6,000.00	3,600.00		3,600.00	
Payroll Expenses - Other	15,000.00	5,553.26		5,553.26	15,000.00
Total Payroll Expenses	181,000.00	82,286.26	20,076.99	102,363.25	177,600.00
Travel & Meetings					
Meals & Entertainment	3,000.00	153.24		153.24	3,000.00
Travel and Meetings - Other	15,000.00	1,025.00		1,025.00	15,000.00
Total Travel and Meetings	18,000.00	1,178.24	0.00	1,178.24	18,000.00
Total Expenses	253,500.00	112,619.42	28,707.34	141,326.76	258,546.67
Net Income	-40,000.00	27,380.58		-1,326.76	-45,046.67
Ending Balance/Startup Funding for Action Items from New KEDC & 2050 Plans	72,873.09			111,546.33	66,499.66

Agenda Item:

5A. Administrative Services Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville, Texas.

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

SUBJECT: Administrative Services Contract between the City of Kerrville, Texas and the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$180,000.

FOR AGENDA OF: September 17, 2018 **DATE SUBMITTED:** September 14, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: FY2019 EIC Administrative Services Contract with City

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required: \$180,000	Current Balance in Account:	Amount Budgeted: \$180,000	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville provides services to the EIC through an annual Administrative Services contract. This contact includes services for project management, engineering, financial, legal, and administrative support. The approved EIC budget for FY 2019 compensates the City \$180,000 for these services. The current contract expires on September 30th, 2018 thus necessitating a new contract for FY2019, which will begin October 1st, 2018.

Attached is the FY19 Administrative Services Contract between the City of Kerrville and the EIC. If approved, the City anticipates this item to be on the City Council's agenda on September 25th, 2018.

RECOMMENDED ACTION

City staff recommends approval of this service agreement as presented.

**ADMINISTRATIVE SERVICES CONTRACT
BETWEEN CITY OF KERRVILLE, TEXAS AND
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**

THIS CONTRACT is entered into and effective as of the ____ day of October 2018, by and between the City of Kerrville, Texas, ("City"), and the City of Kerrville, Texas Economic Improvement Corporation ("EIC") for and in consideration of the following promises and conditions:

**ARTICLE I
SERVICES PROVIDED BY CITY**

City shall provide the following services to EIC subject to the limitations and conditions set forth below:

- A. Engineering and Project Management Services:** City agrees to provide engineering and project management services, to include design, bid, and construction phases, for EIC-funded projects that involve improvements to City and/or public property. For such projects requiring expenditures estimated at more than \$25,000.00 for construction, City may contract for specialized engineering services and EIC agrees to pay for such services as part of a project, which is authorized by the EIC to be funded in whole or in part by sales tax revenues generated pursuant to the authority of Chapters 501, 502, and 505 of the Texas Local Government Code.
- B. Legal Services:** City agrees the City Attorney will be the legal advisor of, and attorney for, EIC, which representation will include review of documents, contracts, and other instruments as to form and legality, the conduct of legal research, and, if requested, the issuance of legal opinions. In the provision of legal services by the City Attorney, the City Attorney shall provide such services only if the provision of legal services to EIC does not unreasonably impair his ability to provide legal services to the City. For example, in the event the City Attorney determines that a legal or ethical conflict exists between the City and the EIC, the EIC agrees that the City Attorney may continue to represent the City on such matter notwithstanding such conflict, provided the City Attorney has made reasonable disclosure of the conflict to the president of the EIC. Where a conflict exists, EIC may hire counsel of its own choice at EIC expense, subject to its budget, to include any undesignated reserve cash balance but not to exceed an overall expense of \$50,000.00. The City Attorney may contract at times for specialized legal services with respect to a project approved by EIC and EIC shall pay for such services.
- C. Financial Services:** City agrees to provide accounting, banking, and investment services, including accounts receivable, accounts payable, investments, record keeping, financial reporting, and an audit of all funds. The City will provide a report at each regular monthly meeting of the EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis on a form approved by the EIC.
- D. Administrative Services:** City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.

- E. **Investment Officer:** The City's Director of Finance will serve as the EIC's investment officer in accordance with the EIC's Investment Policy, as may be amended.
- F. **Regulatory Financial Reporting:** The City's Director of Finance shall prepare all financial reports required by state and federal regulatory agencies.
- G. **Annual Audit:** The City's Director of Finance shall include the EIC's financial information as part of the City's Comprehensive Annual Financial Report (CAFR).
- H. **Project Reports:** The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- I. **Staff Reports:** The City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
 - 1. Complete Application
 - 2. Financial Impact Analysis
 - a. Total payroll
 - b. Payroll multiplier
 - c. Sales and ad valorem tax generation
 - 3. Return on Investment Analysis
 - a. Property tax – City, County, and KISD
 - b. Sales tax – City and County
 - c. Payroll multiplier
 - d. Timeline by which return is realized
 - 4. Feasibility Analysis
 - a. Land – size, zoning, platting, building/fire codes
 - b. Building – size, suitability, condition
 - c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety

J. **Prospect Support Services:** The City Manager or designee shall ensure that the following support services as provided by City staff are provided to the EIC in the review and processing of applications for EIC funds:

1. receive applications;
2. evaluate applications for completeness;
3. determine eligibility;
4. facilitate submission before the EIC;
5. provide technical evaluation;
6. provide recommendations;
7. coordinate with other aligned agencies/entities; and
8. identify appropriate incentives and programs.

ARTICLE II COMPENSATION

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City the sum of **\$180,000.00** for the term specified below. It is agreed by the parties that this compensation is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

ARTICLE III TERM

The term of this Contract commences on October 1, 2018, and ends on September 30, 2019, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

ARTICLE IV TERMINATION

This Contract may be terminated by City or EIC for any reason, with or without cause, not earlier than thirty (30) days prior to delivery to the non-terminating party of a written notice of termination. EIC agrees to pay City the reasonable cost of services rendered by City up to the date of termination.

ARTICLE V GOVERNING LAW

This Contract is subject to, governed by, and construed in accordance with the laws of the State of Texas.

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

(signatures begin on following page)

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

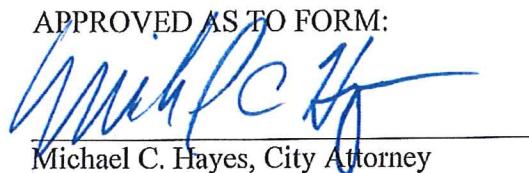
By: _____
Mark L. McDaniel, City Manager

By: _____
Kenneth Early, President

ATTEST:

Cheryl Brown, Interim City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney