

AGENDA FOR THE KERRVILLE CITY COUNCIL
MEETING TUESDAY, OCTOBER 22, 2019, 6:00 P.M.
KERRVILLE CITY HALL, COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

The Community Vision

*Kerrville will be a vibrant, welcoming and inclusive community that:
Respects and protects the natural environment that surrounds it;
Seeks to attract economic growth and development;
Provides opportunities for prosperity, personal enrichment and intellectual growth
for people of all ages; and
Does so while preserving the small-town charm, heritage, arts and culture of the
community.*





**KERRVILLE CITY COUNCIL AGENDA
REGULAR COUNCIL MEETING
OCTOBER 22, 2019, 6:00 PM
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS**



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

Citizens may speak to the City Council during the Visitors/Citizens Forum or on posted agenda items. Prior to speaking, each speaker must fill out the speaker request form and submit it to the City Secretary. The speaker request form must be submitted before the item is called or read into record. Each speaker is limited to four minutes.

CALL TO ORDER:

Mayor Bill Blackburn

INVOCATION:

Offered by Councilmember Delayne Sigerman

PLEDGE OF ALLEGIANCE TO THE FLAG:

Led by Councilmember Sigerman

1 ANNOUNCEMENTS OF COMMUNITY INTEREST:

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

2 VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. The speaker request form must be submitted to the City Secretary before the item is called or read into record. City Council may not discuss or take any action on an item but may place the issue on a future agenda. Each speaker is limited to four minutes.

3 PRESENTATIONS:

3.A. Commendations to the Charter Review Committee members.

Attachments:

20191022_Commendations_Charter Review Commission - SAMPLE.pdf

4 CONSENT AGENDA:

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

4.A. Resolution No. 45-2019. A Resolution approving the construction of T-Hangars at the Airport, to include the provision of matching funds from the City for the project; authorizing the execution of various agreements related to the project, including a participation agreement with the Texas Department of Transportation; designating the Airport Manager as the Project Representative; and authorizing the City Manager to take any other action necessary for the project.

Attachments:

20191022_Resolution_45-2019 TXDOT T-Hangars at Airport vrs2.pdf

20191022_Attachments_A B C for Resolution 45-2019.pdf



4.B. Resolution No. 46-2019. A Resolution canceling the regular meeting of the City Council scheduled for November 26, 2019.

Attachments:

[20191022_Resolution_46-2019 Canceling Council meeting schedule 11-26-19.pdf](#)

4.C. Resolution No. 47-2019. A Resolution canceling the regular meeting of the City Council scheduled for December 24, 2019.

Attachments:

[20191022_Resolution_47-2019 Canceling Council meeting scheduled 12-24-19.pdf](#)

4.D. Minutes for the City Council workshop held October 8, 2019.

Attachments:

[20191022_Minutes_Workshop 4pm 10-08-19.pdf](#)

4.E. Minutes for the City Council meeting held October 08, 2019.

Attachments:

[20191022_Minutes_Council Regular meeting 6pm 10-08-19.pdf](#)

4.F. Minutes for the City Council workshop held October 15, 2019.

Attachments:

[20191022_Minutes_Workshop 10am on 10-15-19.pdf](#)

END OF CONSENT AGENDA

5 ORDINANCES, FIRST READING:

5.A. Ordinance 2019-18. An Ordinance authorizing the issuance of up to \$2,435,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, Series 2019; authorizing the sale thereof pursuant to a negotiated underwriting, a competitive sale, or a private placement; approving and authorizing the execution of all instruments and procedures related thereto; delegating authority to certain city officials to determine the method of sale, to approve all final terms with respect to the sale of the bonds, to select a paying agent/registrar and an escrow agent or deposit agent and approve related agreements, and to approve other related matters; and calling certain obligations for redemption.

Attachments:

[20191022_Ordinance_2019-18 Debt Refunding.pdf](#)

[20191022_Ordinance_Refunding Presentation.pdf](#)

5.B. Ordinance No. 2019-25. An Ordinance amending the budget for Fiscal Year 2019 to authorize the transfer of funds between different funds to account for a general fund balance; and to make other amendments as provided herein.

Attachments:

[20191022_Ordinance_2019-25 Amending Budget for FY2019.pdf](#)

[20191022_Ordinance_Attachment A.pdf](#)

[20191022_Ordinance_Financial Presentation.pdf](#)

6 ORDINANCES, SECOND READING:

6.A. Ordinance No. 2019-24. Second reading. An Ordinance closing, abandoning, and vacating all right, title, and interest in a portion of a public right-of-way, consisting of approximately 3,148 square feet of an unimproved portion of an alley that extends between "G" Street and its intersection with "H" Street and Broadway (State Highway 27); said alley located between Water Street to the south and Broadway to the north and out of the Joseph A. Tivy's Addition, a subdivision within the City of Kerrville, Kerr County, Texas, pursuant to the plat recorded in volume P, page 16 of the plat property records of Kerr County, Texas; and located within the City of Kerrville, Texas on properties known as 1701 and 1715 Broadway; finding that said portion is not required for future use as a public street; ordering recording; providing an effective date; and providing other matters related to this subject.

Attachments:

[20191022_Ordinance_2019-24 Abandoning G Street alley ROW.pdf](#)

[20191008_Ordinance_2019-24 Exhibit A.pdf](#)

7 BOARD APPOINTMENTS:

7.A. Appointments to the Senior Services Advisory Board.

Attachments:

[20191022_Board Appointment_Senior Services Advisory Committee 10-1-19 member sheet.pdf](#)

7.B. Appointments to the Planning and Zoning Commission. (This item is eligible for discussion in executive session).

Attachments:

[20191022_Board Appointment_Planning and Zoning Commission 10-01-19 member sheet.pdf](#)

8 ITEMS FOR FUTURE AGENDAS:

City Council may suggest items or topics for future agendas.

9 EXECUTIVE SESSION:

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

9.A. Section 551.074: PERSONNEL MATTERS: Appointments to the Planning and Zoning Commission.

9.B Attorney Briefing per Section 551.071, Texas Gov't Code – Lotus Peer Recovery LLC. Kacey Paige Williams, Christian Jane Rivers, and Madelyn Rebecca Clark v. City of Kerrville, Texas (Cause No. 5:18-CV-00925; in the United States District Court for the Western District of Texas, San Antonio, Division.)

10 ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY:

ADJOURNMENT



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

SUBJECT: Commendations to the Charter Review Committee members.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Sep 30, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Commendations_Charter Review Commission - SAMPLE.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	F - Public Facilities and Services
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Recognize members of the Charter Review Commission for their service on the Board.

Members: Brenda Craig, Stephen Fine, John Harrison, Peggy McKay, Greg Richards, Michael Sigerman, Karen Yanez.

RECOMMENDED ACTION:

Recognize the Charter Review Committee members.



CITY OF KERRVILLE

RESOLUTION OF COMMENDATION



WHEREAS, JOHN HARRISON has served as a member of the Charter Review Commission, the date of service beginning January 08, 2019; and
WHEREAS, JOHN HARRISON has served faithfully and dutifully on said board;

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

That JOHN HARRISON be recognized for outstanding service as a member of the Charter Review Commission, and that on behalf of the citizens of Kerrville, as well as for ourselves individually, we wish to express our sincere appreciation for contributions to the city and the community.

PASSED AND APPROVED, this the 22 day of October, 2019.

Bill Blackburn, Mayor

ATTEST:

Judy Eychner, Mayor Pro-Tem

Shelley McElhannon, City Secretary

Gary Cochrane, Councilmember

Kim Clarkson, Councilmember

Delayne Sigerman, Councilmember





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

SUBJECT: Resolution No. 45-2019. A Resolution approving the construction of T-Hangars at the Airport, to include the provision of matching funds from the City for the project; authorizing the execution of various agreements related to the project, including a participation agreement with the Texas Department of Transportation; designating the Airport Manager as the Project Representative; and authorizing the City Manager to take any other action necessary for the project.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Oct 11, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Resolution_45-2019 TXDOT T-Hangars at Airport vrs2.pdf](#)
[20191022_Attachments_A B C for Resolution 45-2019.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
\$150,000	\$150,000	\$150,000	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	E - Economic Development
Guiding Principle	E4. Balance, broaden and diversify the City's tax base, shifting the tax burden away from residential property owners
Action Item	E4.3 - Promote additional hangar space at the Airport to increase property tax revenues from personal property taxes

SUMMARY STATEMENT:

The Airport Board would like to initiate the process of building ten (10) new "T-Hangars" at the Kerrville-Kerr County Airport (KERV). KERV previously came to the City Council in April 2018 to seek approval of a Resolution (Resolution No. 11-2018) that consummated an agreement between TxDOT and the local airport ownership entities (City and County) on a 90%/10% matching grant program for the T-Hangar project. Kerrville 2050 also identified the construction of additional hangar space at the KERV Airport as a key Action Item towards the economic development goal of balancing, broadening, and diversifying the City's tax base.

This project has the same general parameters as the T-Hangar project that was completed at the KERV Airport approximately five years ago. TxDOT will contribute a maximum of \$600,000 towards the project, and both the City and County are committing to a maximum of \$150,000 each towards the project. TxDOT will perform as the project manager of the project with close supervision by Airport Manager Mary Rohrer, acting as the Owner's Authorized Representative.

Resolution 45-2019 accomplishes three things:

1. Approving the Grant Agreement with TxDOT as presented
2. Designating the Consultant Selection Committee for the work to be performed
3. Designating Airport Manager Mary Rohrer as the City's Authorized Representative for the project

RECOMMENDED ACTION:

Approve Resolution No. 45-2019.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 45-2019**

A RESOLUTION APPROVING THE CONSTRUCTION OF T-HANGARS AT THE AIRPORT, TO INCLUDE THE PROVISION OF MATCHING FUNDS FROM THE CITY FOR THE PROJECT; AUTHORIZING THE EXECUTION OF VARIOUS AGREEMENTS RELATED TO THE PROJECT, INCLUDING A PARTICIPATION AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION; DESIGNATING THE AIRPORT MANAGER AS THE PROJECT REPRESENTATIVE; AND AUTHORIZING THE CITY MANAGER TO TAKE ANY OTHER ACTION NECESSARY FOR THE PROJECT

WHEREAS, the Kerrville-Kerr County Joint Airport Board (“Board”) seeks to make certain improvements to the Kerrville-Kerr County Airport (“Airport”); and

WHEREAS, the general description of the project is for the design and construction of additional t-hangars at the Airport (the “Project”); and

WHEREAS, the total Project cost is currently estimated to be \$666,000.00, which will be funded in part through a grant agreement that the Board enters into with the Texas Department of Transportation (“TxDOT”); and

WHEREAS, the Board has budgeted and will provide at least 10% of the costs for the Project with local funds and understands that it will be responsible for any additional costs above \$600,000.00; and

WHEREAS, the City, acting as a sponsor for the Project, along with Kerr County, has previously named TxDOT as its agent for the purposes of applying for, receiving, and disbursing funds for the Project and for the administration of contracts necessary for the implementation and completion of the Project; and

WHEREAS, City Council finds that the Project and the actions authorized to be taken below serve or will serve the public interest;

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

SECTION ONE. City Council approves the Project, based upon the Project scope and cost as submitted to the City by the Board. In addition, Council certifies that the City has and will provide its share of local matching funds, said amount up to \$150,000.00, to account for any increased costs.

SECTION TWO. City Council authorizes the Board, acting through the Airport Manager and/or the City Manager to execute the following documents and agreements related to the Project:

A. *Designation of the Sponsor's Authorized Representative*, attached as **Exhibit A**, with the City designating the Airport Manager as its representative for these purposes.

B. *Designation of Sponsor's Consultant Selection Committee*, attached as **Exhibit B**, with the City designating the following individuals to this committee: Bill Wood (Joint Airport Board), Keith Miller (Joint Airport Board), and Mary Rohrer (Airport Manager).

C. *Texas Department of Transportation – Airport Project Participation Agreement*, attached as **Exhibit C**, for the design and construction of t-hangars at the Airport.

SECTION THREE. City Council designates the Airport Manager as the Project Representative in all respects for the Project.

SECTION FOUR. City Council authorizes the City Manager to take any and all other action necessary to approve and complete the Project.

PASSED AND APPROVED ON this the _____ day of _____, A.D., 2019.

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes

City Attorney

Exhibit A

DESIGNATION OF SPONSOR'S AUTHORIZED REPRESENTATIVE

I, Bill Blackburn, Mayor,
(Name) (Title)
with the City of Kerrville designates Mary Rohrer, Airport Manager
(Sponsor Name) (Name, Title)
as the City of Kerrville authorized representative for the T-Hanger project,
(Sponsor Name)
who shall have the authority to make approvals and disapprovals as required on behalf of
the City of Kerrville.
(Sponsor Name)

City of Kerrville, Texas
(Sponsor)

By: _____
(Signature)

Title: _____

Date: _____

DESIGNATED REPRESENTATIVE

Mailing Address: 1877 Airport Loop
Kerrville, TX 78028

*Physical/Overnight Address: 1877 Airport Loop

Telephone Number: 1-830-896-9399

Fax Number: 830-896-9440

E-Mail Address: mrohrer@kerrvilleairport.com

* ALL GRANT AGREEMENTS ARE SENT BY OVERNIGHT MAIL

Exhibit B

**DESIGNATION OF SPONSOR'S
CONSULTANT SELECTION COMMITTEE**

I, Bill Blackburn, Mayor,
(Name) (Title)
with the City of Kerrville designate the following named individuals as the
(Sponsor Name)

Consultant Selection committee, for the T-Hanger Project. The committee is authorized to determine selection criteria, review qualifications and proposals of candidate firms, conduct interviews, if necessary, and select a firm for the award of the design contract, based on a consensus ranking by the committee members. The decision of the selection committee will be final unless some discrepancy is determined to have occurred in the selection process. **THE COMMITTEE CAN BE NO MORE THAN 5 MEMBERS.**

Name 1. Mary Rohrer Title (if appropriate): Airport Manager

Email Address: mrohrer@kerrvilleairport.com

2. Bill Wood President

Email Address: williamjonwood@gmail.com

3. Keith Miller Airport Board Member

Email Address: keithmiller2010@gmail.com

4.

Email Address: _____

5.

Email Address: _____

The City of Kerrville has caused this to be duly executed in its name,
(Sponsor Name)
this _____ day of _____ 20_____.
_____, Texas

(Sponsor)

By: _____

Title: _____

Exhibit C

Part VI - Acceptance of the Sponsor

The City of Kerrville and Kerr County, Texas, does ratify and adopt all statements, representations, warranties, covenants and agreements constituting the described project and incorporated materials referred to in the Agreement, and does accept the Offer, and agrees to all of the terms and conditions of the Agreement.

Executed this _____ day of _____, 20____.

The City of Kerrville and Kerr County, Texas
Sponsor

Sponsor Signature

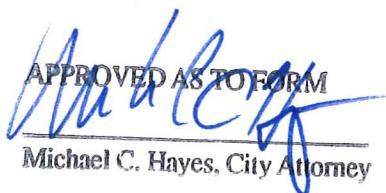
Sponsor Title

Certificate of Sponsor's Attorney

I, _____, acting as attorney for _____, Texas, do certify that I have fully examined the Agreement and the proceedings taken by the Sponsor relating, and find that the manner of acceptance and execution, of the Agreement by the Sponsor, is in accordance with the laws of the State of Texas.

Dated at _____, Texas, this _____ day of _____, 20____.

Attorney Signature


APPROVED AS TO FORM
Michael C. Hayes, City Attorney



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

SUBJECT: Resolution No. 46-2019. A Resolution canceling the regular meeting of the City Council scheduled for November 26, 2019.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Sep 30, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Resolution_46-2019 Canceling Council meeting schedule 11-26-19.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Section 2-31 of the Code of Ordinances for the City of Kerrville provides that City Council meetings are to be held the second and fourth Tuesdays of each month, and that City Council may, by majority vote at a regular meeting, change the days or times of meetings as circumstances may necessitate.

In past years, the second meeting in November has often time been cancelled due to the Thanksgiving holiday.

RECOMMENDED ACTION:

Approve Resolution No. 46-2019.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 46-2019**

**A RESOLUTION CANCELING THE REGULAR
MEETING OF THE CITY COUNCIL SCHEDULED FOR
NOVEMBER 26, 2019**

WHEREAS, Section 2-31 of the Code of Ordinances for the City of Kerrville provides that City Council meetings are to be held the second and fourth Tuesdays of each month; and

WHEREAS, Section 2-31 also provides the City Council may, by majority vote at a regular meeting, change the days or times of meetings as circumstances may necessitate;

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

The regular meeting of the City Council scheduled for November 26, 2019, is hereby canceled.

**PASSED AND APPROVED ON this the _____ day of _____ A.D.,
2019.**

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney



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

SUBJECT: Resolution No. 47-2019. A Resolution canceling the regular meeting of the City Council scheduled for December 24, 2019.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Sep 30, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Resolution_47-2019 Canceling Council meeting scheduled 12-24-19.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Section 2-31 of the Code of Ordinances for the City of Kerrville provides that City Council meetings are to be held the second and fourth Tuesdays of each month; and that City Council may, by majority vote at a regular meeting, change the days or times of meetings as circumstances may necessitate.

In past years, the second meeting in December has often times been cancelled due to the Christmas holidays.

RECOMMENDED ACTION:

Approve Resolution No. 47-2019.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 47-2019**

**A RESOLUTION CANCELING THE REGULAR
MEETING OF THE CITY COUNCIL SCHEDULED FOR
DECEMBER 24, 2019**

WHEREAS, Section 2-31 of the Code of Ordinances for the City of Kerrville provides that City Council meetings are to be held the second and fourth Tuesdays of each month; and

WHEREAS, Section 2-31 also provides the City Council may, by majority vote at a regular meeting, change the days or times of meetings as circumstances may necessitate;

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

The regular meeting of the City Council scheduled for December 24, 2019, is hereby canceled.

**PASSED AND APPROVED ON this the _____ day of _____ A.D.,
2019.**

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney



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

SUBJECT: Minutes for the City Council workshop held October 8, 2019.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Aug 01, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Minutes_Workshop 4pm 10-08-19.pdf](#)

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Minutes for the City Council workshop held on October 08, 2019 at 4:00 p.m.

RECOMMENDED ACTION:

Approve minutes as presented.

CITY COUNCIL MINUTES
WORKSHOP, COUNCIL CHAMBERS

KERRVILLE, TEXAS
OCTOBER 08, 2019 4:00 PM

CALL TO ORDER

On October 08, 2019, at 4:00 p.m., the Kerrville City Council Workshop was called to order by Mayor Bill Blackburn in Council Chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
Judy Eychner	Mayor Pro Tem
Gary Cochrane	Councilmember Place 1
Kim Clarkson	Councilmember Place 2
Delayne Sigerman	Councilmember Place 4

COUNCILMEMBER ABSENT: None

CITY STAFF PRESENT:

Mark McDaniel,	City Manager
E.A. Hoppe	Deputy City Manager
Mike Hayes	City Attorney
Shelley McElhannon	City Secretary
Stuart Barron	Public Works Director
Kyle Burow	Director of Engineering
Sherry Mosier	Manager of Strategic Initiatives

VISITORS PRESENT:

Steve Spillette, President of Community Development Strategies
Jess Swain with 6S Engineering
Citizens: On file in City Secretary's Office for required retention period.

1. INFORMATION AND DISCUSSION

1.A. Presentation of the "Kerrville Housing Study and Strategic Plan 2019" by Community Development Strategies (CDS).

Sherry Mosier introduced the item. Steve Spillette, President of CDS, presented the Kerrville Housing Study and Strategic Plan 2019 and responded to questions.

The following person spoke:

- Bill Morgan

2. RECESS

The workshop was recessed by Mayor Blackburn at 4:59 p.m.

3. RECONVENE

The workshop was reconvened by Mayor Blackburn in the upstairs large conference room at 5:12 p.m.

4. INFORMATION AND DISCUSSION

4.A. Update regarding the Stormwater Drainage Master Plan.

E.A. Hoppe presented information and responded to questions. Stuart Barron reviewed the plan, highlighted priorities, and responded to questions.

4.B. Update regarding the Pavement Management System.

E.A. Hoppe presented information and responded to questions. Kyle Burow reviewed the plan and responded to questions.

Project Engineer Jess Swain with 6S Engineering was also in attendance.

ADJOURNMENT.

The meeting was adjourned at 5:53 p.m.

APPROVED:

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

APPROVED: _____



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

SUBJECT: Minutes for the City Council meeting held October 08, 2019.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Aug 01, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Minutes_Council Regular meeting 6pm 10-08-19.pdf](#)

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Minutes for the City Council meeting held on October 08, 2019 at 6:00 p.m.

RECOMMENDED ACTION:

Approve minutes as presented.

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
OCTOBER 08, 2019

On October 08, 2019, at 6:03 p.m. the meeting was called to order by Mayor Bill Blackburn in the City Hall Council Chambers at 701 Main Street. The invocation was offered by Councilmember Judy Eychner, followed by the Pledge of Allegiance led by Councilmember Eychner.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
Judy Eychner	Mayor Pro Tem
Gary Cochrane	Councilmember
Kim Clarkson	Councilmember
Delayne Sigerman	Councilmember

COUNCILMEMBER ABSENT: None

CITY EXECUTIVE STAFF PRESENT:

Mark McDaniel	City Manager
E.A. Hoppe	Deputy City Manager
Mike Hayes	City Attorney
Shelley McElhannon	City Secretary
Stuart Cunyus	Public Information Officer
Guillermo Garcia	Executive Director of Innovation
Kim Meismer	Executive Director of General Operations
Sherry Mosier	Manager of Strategic Initiatives
Dannie Smith	Fire Chief
Curtis Thomason	Assistant Chief of Police

VISITORS PRESENT: On file in City Secretary's Office for required retention period.

1. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Items of Interest to the Community were presented by Stuart Cunyus and Councilmember Gary Cochrane.

2. VISITORS FORUM:

The following person spoke:

- Bruce Stracke

3. PRESENTATIONS:

3A. Mayor Blackburn presented a Proclamation observing the 100th Anniversary of the Women's Right to Vote, and the 100th Anniversary of the Texas League of Women Voters. The Proclamation was received by the Hill Country Texas League of Women Voters, Leadership Team members Alicia Boyett, Catherine Learoyd, Joann McKinziey, Maggie Megee, Jeannette Ruark, Meg Scott, Julie Sentell, and Mary Ellen Summerlin.

3B. Mayor Blackburn presented a Proclamation observing the week of October 07-11, 2019 as Fire Prevention Week in the City of Kerrville, Texas. The Proclamation was received by Fire Chief Dannie Smith, Fire Marshal Jason Lackey, Battalion Chief Stephen Boyd, Lieutenant Billie Williams, Firefighter Brandon McDonald, and Driver/Paramedic Dan Fuege.

4. CONSENT AGENDA:

Citizen Peggy McKay requested to pull item 4A from the Consent Agenda.

Councilmember Cochrane moved to approve items 4B and 4C as presented. Councilmember Kim Clarkson seconded, and the motion passed 5-0.

4B. Minutes for the City Council workshop held September 24, 2019.

4C. Minutes for the City Council meeting held September 24, 2019.

END OF CONSENT AGENDA

4A. First Amendment to the Chapter 380 Economic Development Agreement between the City of Kerrville, Texas, and Kerrville's 4th on the River, Inc. related to the Arcadia Theater.

The Amendment title was read into record by Shelley McElhannon.

The following person spoke:

- Peggy McKay

Mike Hayes and Larry Howard with Kerrville's 4th on the River, Inc. responded to questions.

Councilmember Delayne Sigerman moved to authorize the City Manager to finalize and execute the Amendment. Councilmember Cochrane seconded, and the motion passed 5-0.

5. PUBLIC HEARING AND ORDINANCE(S), FIRST READING:

5A. Ordinance No. 2019-24. An Ordinance closing, abandoning, and vacating all right, title, and interest in a portion of a public right-of-way, consisting of approximately 3,148 square feet of an unimproved portion of an alley that extends between "G" Street and its intersection with "H" Street and Broadway (State Highway 27); said alley located between Water Street to the south and Broadway to the north and out of the Joseph A. Tiyy's Addition, a subdivision within the City of Kerrville, Kerr County, Texas, pursuant to the plat recorded in volume P, page 16 of the plat property records of Kerr County, Texas; and located within the City of Kerrville, Texas on properties known as 1701 and 1715 Broadway; finding that said portion is not required for future use as a public street; ordering recording; providing an effective date; and providing other matters related to this subject.

Mayor Blackburn opened the public hearing at 6:30 p.m.

The Ordinance title was read into record by Shelley McElhannon.

Councilmember Cochrane recused himself from this item due to a conflict of interest.

E.A. Hoppe presented the item and responded to questions.

The following persons spoke:

- Martin Stringer
- George Baroody
- Larry Howard
- Stephen King

Councilmember Eychner moved to approve Ordinance No. 2019-24 first reading, and Councilmember Sigerman seconded. The motion passed 4-0.

The public hearing closed at 6:40 p.m.

Councilmember Cochrane resumed seat at the council.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Resolution No. 41-2019. A Resolution adopting the Doyle Community Area Development Plan.

The Resolution title was read into record by Shelley McElhannon.

Mark McDaniel introduced the resolution. Kimley-Horn Consultants Mark Bowers and Monica Heid presented the Doyle Community Area Development Plan, and responded to questions.

The following persons spoke:

- George Baroody
- Kay Tally Foos
- Clinton Thomas Jr.
- Rev. Allen Noah

Councilmember Sigerman moved to approve Resolution No. 41-2019. Councilmember Eychner seconded, and the motion passed 5-0.

6B. Resolution No. 42-2019. A Resolution adopting the Kerrville Housing Study and Strategic Plan 2019 for the City of Kerrville, Texas.

The Resolution title was read into record by Shelley McElhannon.

Sherry Mosier introduced the resolution. Steve Spillette, President of the Community Development Strategies presented information.

The following persons spoke:

- Peggy McKay
- Linda Bullard
- Bruce Stracke (declined to speak when announced)

Steve Spillette and Mark McDaniel responded to questions.

Councilmember Cochrane moved to approve Resolution No. 42-2019. Councilmember Eychner seconded, and the motion passed 5-0.

7. INFORMATION AND DISCUSSION:

7A. Presentation regarding bond refunding opportunity.

Amy Dozier introduced the item and Hilltop Securities consultant Anne Berger Entrekin, who presented information regarding the bond refunding opportunity in the year 2020.

8. BOARD APPOINTMENTS:

8A. Appointments to the Kerrville Area Youth Leadership Academy.

The following person spoke:

- Roman Garcia

Councilmember Eychner moved to appoint the following seven individuals to the Kerrville Area Youth Leadership Academy: Kenady Cooley, Dawn Forrester, Daniela Garcia, Gage Reid, Karleopy Serrano, Cayla Wilson, and RyAnne Wilson. Councilmember Sigerman seconded, and the motion passed 5-0.

9. ITEMS FOR FUTURE AGENDAS:

None

10. EXECUTIVE SESSION:

None

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

None

ADJOURNMENT

The meeting was adjourned at 8:15 p.m.

APPROVED:

ATTEST:

Bill Blackburn, Mayor

Shelley McElhannon, City Secretary

APPROVED BY COUNCIL: _____



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

SUBJECT: Minutes for the City Council workshop held October 15, 2019.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Aug 01, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Minutes_Workshop 10am on 10-15-19.pdf](#)

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Minutes for the City Council workshop held on October 15, 2019 at 10:00 a.m.

RECOMMENDED ACTION:

Approve minutes as presented.

CITY COUNCIL MINUTES
WORKSHOP, COUNCIL CHAMBERS

KERRVILLE, TEXAS
OCTOBER 15, 2019 10:00 AM

CALL TO ORDER

On October 15, 2019, at 10:00 a.m., the Kerrville City Council Workshop was called to order by Mayor Bill Blackburn in Council Chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
Judy Eychner	Mayor Pro Tem
Gary Cochrane	Councilmember Place 1
Kim Clarkson	Councilmember Place 2
Delayne Sigerman	Councilmember Place 4

COUNCILMEMBER ABSENT: None

CITY STAFF PRESENT:

Mark McDaniel,	City Manager
Shelley McElhannon	City Secretary
Kim Meismer	Executive Director for General Operations

VISITORS PRESENT: None

1. EXECUTIVE SESSION

Councilmember Gary Cochrane made a motion the City Council adjourn into executive closed session under 551.074 (personnel/officers) of Chapter 551, Texas Government Code and Councilmember Judy Eychner seconded. The motion passed 5-0.

Mayor Blackburn recessed the open session at 10:01 a.m., and Council adjourned into closed executive session.

1.A. Annual City Manager evaluation.

The closed executive session recessed, and Council returned to open session at 11:12 a.m.

No action was taken in executive session.

2. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION IF ANY

Councilmember Cochrane moved to authorize the Mayor to execute a personnel action form for the city manager, Councilmember Eychner seconded. The motion passed 5-0.

ADJOURNMENT.

The meeting was adjourned at 11:13 a.m.

APPROVED:

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

APPROVED: _____



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

SUBJECT: Ordinance 2019-18. An Ordinance authorizing the issuance of up to \$2,435,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, Series 2019; authorizing the sale thereof pursuant to a negotiated underwriting, a competitive sale, or a private placement; approving and authorizing the execution of all instruments and procedures related thereto; delegating authority to certain city officials to determine the method of sale, to approve all final terms with respect to the sale of the bonds, to select a paying agent/registrar and an escrow agent or deposit agent and approve related agreements, and to approve other related matters; and calling certain obligations for redemption.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Oct 14, 2019

SUBMITTED BY: Amy Dozier

EXHIBITS: [20191022_Ordinance_2019-18 Debt Refunding.pdf](#)
[20191022_Ordinance_Refunding Presentation.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

The City of Kerrville has an opportunity to refinance its 2011A Certificate of Obligation issuance through a refunding. The refunding opportunity was presented to City Council by our Financial Advisor, Anne Burger Entrekin, with Hilltop Securities on October 8, 2019.

\$3.5 million in debt was originally issued in 2011. The debt was issued with coupon rates that vary from 2.00% to 3.50%. Normally, with interest rates on the original issuance this

low, a refunding would not result in any savings for the City. However, we are in a period of historically low interest rates which make a refunding viable. Current estimates show that the City could save approximately \$74K to \$111K in debt service over the remaining life of the debt by refunding it.

Refundings are accomplished through a parameters ordinance. The parameters ordinance identifies the following requirements relative to the proposed refunding bonds under which a refinance can be undertaken:

- * Minimum Savings Threshold for Refunding - 2.50%
- * Maximum True Interest Cost Rate - 3.50%
- * Maximum Principal Amount of Issue - \$2,435,000
- * Maximum Maturity Date - February 15, 2031

If the parameters are able to be achieved, the parameters ordinance delegates the Mayor, City Manager and/or the Chief Financial Officer the authority to authorize the refunding bonds. The ordinance is good for 6 months, so the refunding can take place any time that market conditions exist meeting the parameter requirements. If market conditions change and the refunding would not meet any one of the required parameters, no refunding will occur. Our draft calendar proposes a potential pricing date of December 3, 2019 and a closing date of December 18, 2019. These dates are subject to change based on market conditions.

Note that per Section 1201.028 of the Texas Government Code, ordinances related to the issuance of bonds become effective with only one reading. This state law supersedes the City's Charter that directs two readings for ordinances and applies to all other Texas municipalities with similar Charter provisions.

RECOMMENDED ACTION:

Approve Ordinance 2019-18.

ORDINANCE NO. 2019-18

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$2,435,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019*; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING, A COMPETITIVE SALE, OR A PRIVATE PLACEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO DETERMINE THE METHOD OF SALE, TO APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, TO SELECT A PAYING AGENT/REGISTRAR AND AN ESCROW AGENT AND APPROVE RELATED AGREEMENTS, AND TO APPROVE OTHER MATTERS; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION

DATE OF APPROVAL: OCTOBER 22, 2019

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Exhibit A	Form of Approval Certificate
Exhibit B	Written Procedures Relating to Continuing Compliance with Federal Tax Covenants
Exhibit C	Description of Annual Financial Information
Exhibit D	Form of Notice of Defeasance and Redemption

ORDINANCE NO. 2019-18

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$2,435,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019*; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING, A COMPETITIVE SALE, OR A PRIVATE PLACEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO DETERMINE THE METHOD OF SALE, TO APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, TO SELECT A PAYING AGENT/REGISTRAR AND AN ESCROW AGENT AND APPROVE RELATED AGREEMENTS, AND TO APPROVE OTHER MATTERS; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION

THE STATE OF TEXAS §
COUNTY OF KERR §
CITY OF KERRVILLE §

WHEREAS, the **CITY OF KERRVILLE, TEXAS** (the "City"), in Kerr County, Texas, is a political subdivision of the State of Texas operating as a home-rule municipality pursuant to the Constitution and laws of the State of Texas and its City Charter, which was initially approved by the qualified voters of the City on February 24, 1942, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on May 10, 2014; and

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

City of Kerrville, Texas Certificates of Obligation, Series 2011A, dated December 1, 2011, maturing on February 15 in each of the years 2020 through 2031, inclusive, and currently outstanding in the aggregate principal amount of \$2,625,000 (the "Series 2011A Certificates");

WHEREAS, pursuant to the ordinance which authorized the Series 2011A Certificates (the *"Series 2011A Certificates Ordinance"*), the Series 2011A Certificates maturing on and after February 15, 2021 are subject to redemption at the option of the City on and after February 15, 2020 at the redemption price of par plus accrued interest; and

WHEREAS, the City now desires to authorize the refunding of a portion of the Series 2011A Certificates (referred to collectively as the "**Refunded Obligations**"), which are more specifically described as maturing in the years and in the respective principal amounts (aggregating \$2,425,000 in principal amount) and bearing interest as shown in the following table:

SERIES 2011A CERTIFICATES ELIGIBLE TO BE REFUNDED

MATURITY (FEBRUARY 15)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)	STATED INTEREST RATE (%)	CUSIP No. (492422)
2021	195,000	195,000	2.000	LJ7
2022	195,000	195,000	2.000	LK4
2023	200,000	200,000	2.250	LL2
2024	205,000	205,000	2.500	LM0
2025	215,000	215,000	2.500	LN8
2026	220,000	220,000	2.750	LP3
2027	225,000	225,000	2.750	LQ1
2028	235,000	235,000	3.125	LR9
2029	240,000	240,000	3.250	LS7
2030	250,000	250,000	3.500	LT5
2031	255,000	255,000	3.500	LU2

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

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

(i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States,

(ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council of the City adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and

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

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

WHEREAS, *BOKF, NA*, currently serves as the paying agent for the Series 2011A Certificates; and

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

WHEREAS, the City Council of the City hereby finds and declares a public purpose and deems it advisable and in the best interests of the City to issue a series of bonds (defined in Section 2 hereof as the "**Bonds**"), the proceeds of which will be used to pay costs of issuance and refund the Refunded Obligations in order to achieve a net present value debt service savings for the benefit of the taxpayers of the City; provided, however, in no event shall Bonds be issued unless the City is able to achieve a net present value debt service savings of at least 2.50% of the principal amount of the Refunded Obligations; and

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

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

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

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

(a) *Authorization to Issue General Obligation Refunding Bonds.* General obligation bonds of the City are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Mayor, the City Manager, the Deputy City Manager and/or the Director of Finance of the City (each a "*Designated Officer*") pursuant to the provisions of Section 1(b) of this Ordinance **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE CITY'S OUTSTANDING COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011A, AND TO PAY FOR COSTS OF ISSUANCE.**

(b) *Delegation of Final Terms.* As authorized by Section 1207.007, Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the City authorized to act on behalf of the City to effect the sale of the Bonds and establish the terms and details related to the issuance and sale of the Bonds including determining the method of sale (either through a negotiated underwriting, a competitive sale, or a private placement following the receipt of bids), the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$2,435,000 in aggregate principal amount), the price at which the Bonds will be sold (but in no event shall the Bonds be sold at a price which would result in a net present value debt service savings of less than 2.50% of the principal amount of the Refunded Obligations), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *February 15, 2031*), the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost rate for all of the Bonds of 3.50% per annum), the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to any mandatory sinking fund redemption provisions for any maturity, and all other matters relating to the issuance, sale and delivery of the Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the Issuer, is further authorized to (i) complete and attach *Exhibit A* of this Ordinance, (ii) revise and complete the FORM OF BOND set forth in Section 5 of this Ordinance, with the final terms of the Bonds approved pursuant to the authority granted herein, (iii) select a financial institution to serve as the paying agent/registrar for the Bonds (herein referred to as the "*Paying Agent/Registrar*"), and to approve and execute a Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar (upon consultation with the City's Bond Counsel), (iv) select a financial institution to serve as the escrow agent for the Bonds (herein referred to as the "*Escrow Agent*"), and to approve and execute an Escrow Agreement between the City and the Escrow Agent (upon consultation with the City's Bond Counsel), (v) if it is determined to sell the Bonds pursuant to a negotiated underwriting, approve the form, enter into, execute and carry out a Purchase Contract to purchase the Bonds (in the form approved by Bond Counsel for the City) with one or more investment banking firms selected by a Designated Officer to serve as the underwriters for the Bonds (which firms shall be named in *Exhibit A* of this Ordinance), (vi) if it is determined to sell the Bonds pursuant to a competitive sale, approve the form of a Notice of Sale related to such competitive sale and execute the bid submitted by the winning bidder (which shall be named in *Exhibit A* of this Ordinance), and (vii) if it is determined to sell the Bonds pursuant to a private placement, approve bidding documents to be sent to potential

bidders, approve the bid providing the most advantageous terms for the City, and execute a Purchase Contract to purchase the Bonds (in the form approved by Bond Counsel for the City) with the winning bidder (which shall be named in Exhibit A of this Ordinance).

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

(d) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to Sections 1(b) and (c) above shall expire on April 22, 2020.

SECTION TWO. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each Bond issued pursuant to this Ordinance shall be designated: **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 2019**, and initially there shall be issued, sold and delivered hereunder one fully registered bond, numbered T-1 (the "**Initial Bond**"), without interest coupons, dated as of the date determined by a Designated Officer and set forth in Exhibit A, and payable on the dates and in the principal amounts determined by a Designated Officer and set forth in Exhibit A, with Bonds issued and delivered in substitution for the Initial Bond being in the denomination of \$5,000 or any integral multiple thereof, being numbered consecutively from R-1 upward, and being payable to the initial registered owner designated in Section 13 hereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (the "**Registered Owner**").

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

SECTION FOUR. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept books or records for the registration of the transfer, conversion and exchange of the Bonds (the "**Registration Books**") at the designated corporate trust or commercial banking office (the "**Designated Office**") of the Paying Agent/Registrar selected and approved by a Designated Officer pursuant to Section 1(b) hereof. The Paying Agent/Registrar shall serve as the City's registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BONDS set forth in this Ordinance. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BONDS set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

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

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

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be transferred and assigned, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF

BONDS set forth in this Ordinance. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BONDS. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF BONDS below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

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

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and

settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the Ordinance of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

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

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

Bond shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

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

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

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

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FORM OF BOND

R-_____ Principal Amount
\$_____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2019**

<u>INTEREST RATE</u>	<u>DATE OF SERIES</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
_____ %	_____, 2019	February 15, 20____	492422 _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: **DOLLARS**

ON THE MATURITY DATE specified above, the **CITY OF KERRVILLE, TEXAS** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Principal Amount set forth above, and to pay interest thereon from _____, 2019 at the Interest Rate per annum specified above, on _____ 15, 2020, and semiannually on each February 15 and August 15 thereafter to the Maturity Date specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity at the designated corporate trust or commercial banking office (initially located in _____, Texas) of _____, which is the "**Paying Agent/Registrar**" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of the Bonds (the "**Bond Ordinance**") to be on deposit

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

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

THIS BOND IS ONE OF A SERIES OF BONDS dated as of _____, 2019, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____ **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE CITY'S OUTSTANDING COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011A, AND TO PAY FOR COSTS OF ISSUANCE.**

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

[The following paragraph will appear only if some of the Bonds will be issued as "Term Bonds."]

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

TERM BONDS MATURING FEBRUARY 15, 20____		TERM BONDS MATURING FEBRUARY 15, 20____	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
February 15, 20____		February 15, 20____	
February 15, 20____ (maturity)		February 15, 20____ (maturity)	
TERM BONDS MATURING FEBRUARY 15, 20____			
Mandatory Redemption Date	Redemption Amount (\$)		
February 15, 20____			
February 15, 20____ (maturity)			

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind

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

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

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

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

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

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

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

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

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

(facsimile signature)
City Secretary
City of Kerrville, Texas

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

(SEAL)

FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

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FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated _____

_____, Texas
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

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

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

Dated: _____

Signature Guaranteed:

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

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

INITIAL BOND INSERTIONS

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

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

"ON THE RESPECTIVE MATURITY DATES specified below, the **CITY OF KERRVILLE, TEXAS** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from _____ 2019 as shown in the records of the Paying Agent/Registrar (as defined below), at the respective Interest Rates per annum specified below, payable on _____ 15, 20____, and semiannually on each February 15 and August 15 thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

MATURITY DATE (FEBRUARY 15)	PRINCIPAL INSTALLMENT (\$)	INTEREST RATE (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____

[Insert information from Exhibit A]

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

SECTION SIX. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST.

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

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

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

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

SECTION EIGHT. DEFEASANCE OF BONDS.

(a) *Defeasance*. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "**Defeased Bond**") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "**Future Escrow Agreement**") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

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

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

rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds.

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

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

SECTION NINE. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

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

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

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

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

be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

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

SECTION TEN. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND OTHER MATTERS. The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City) and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

SECTION ELEVEN. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

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

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

directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

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

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

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

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

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

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

(b) *Rebate Fund*. In order to facilitate compliance with the above covenant (9), a "**Rebate Fund**" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

(d) *Allocation of, and Limitation on, Expenditures for the Project*. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the project is completed; but in no event later than three years after the date on which the original expenditure is

paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

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

SECTION TWELVE. COMPLIANCE WITH RULE 15c2-12.¹

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

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

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

¹This Section shall not be applicable in the event the Bonds are sold pursuant to a private placement.

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

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

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

(b) *Annual Reports*. The City shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance, being the information described in *Exhibit C* hereto as the "**Annual Operating Report**." Additionally, within six months after the end of each fiscal year, the City will provide financial statements of the City (the "**Financial Statements**") which shall be (1) prepared in accordance with the accounting principles described in *Exhibit C* hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. If the audit of such Financial Statements is not complete within such period, then the City shall provide (1) unaudited Financial Statements for such fiscal year within such six month period, and (2) audited Financial Statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such Financial Statements become available.

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

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

(c) *Event Notices*.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating Changes;
12. Bankruptcy, insolvency, receivership or similar event of an obligated person.
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City in possession

but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

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

(d) *Limitations, Disclaimers, and Amendments.* The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 8 of this Ordinance that causes Bonds no longer to be outstanding.

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

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

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

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

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

SECTION THIRTEEN. SALE OF BONDS. The Bonds authorized hereunder are hereby authorized to be sold and shall be delivered to the initial purchaser approved by a Designated Officer named in Exhibit A attached hereto at a price determined by a Designated Officer and as set forth in Exhibit A attached hereto, and, if the Bonds are sold pursuant to a negotiated underwriting, pursuant to the terms and provisions of a Purchase Contract in the form approved by a Designated Officer, which each Designated Officer is individually hereby authorized and directed to execute and deliver. The City will initially deliver to the initial purchaser the Initial Bond described in Section 2 hereof, which shall be registered in the name of the initial purchaser named in Exhibit A attached hereto.

SECTION FOURTEEN. APPROVAL OF OFFICIAL STATEMENT. In the event the Bonds are to be sold pursuant to a negotiated underwriting or a competitive sale, each Designated Officer is hereby authorized to approve the form and content of an Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and to approve the distribution of the Official Statement in the reoffering of the Bonds by the initial purchaser in final form, with such changes therein or additions thereto as the officer of the City executing the same may deem advisable, such determination to be conclusively evidenced by his or her execution thereof. The preparation, distribution and use of a Preliminary Official Statement for the Bonds is also hereby approved.

SECTION FIFTEEN. REFUNDING OF REFUNDED OBLIGATIONS. Concurrently with the initial delivery of the Bonds the City shall deposit an amount from the proceeds from the sale of the Bonds and other available funds of the City, if required, with the Escrow Agent determined

by a Designated Officer and identified in Exhibit A attached hereto sufficient to provide for the refunding of the Refunded Obligations, all in accordance with Chapter 1207.

SECTION SIXTEEN. REDEMPTION OF REFUNDED OBLIGATIONS. There is attached to this Ordinance as Exhibit D and made a part hereof for all purposes, a *NOTICE OF DEFEASANCE AND REDEMPTION* for the Refunded Obligations. The City hereby exercises its option to redeem prior to maturity the Refunded Obligations described in the *NOTICE OF DEFEASANCE AND REDEMPTION*, and the Refunded Obligations are hereby called for redemption, and shall be redeemed, prior to maturity, on the date, at the place, and at the price set forth therein.

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

SECTION SEVENTEEN. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The Mayor, the Mayor Pro-Tem, the City Manager, the Deputy City Manager, the City Secretary, and the Director of Finance of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds, the Official Statement, the Paying Agent/Registrar Agreement, and the Escrow Agreement. In addition, prior to the initial delivery of the Bonds, the Mayor, the Mayor Pro-Tem, the City Manager, the Deputy City Manager, the City Secretary, the Director of Finance, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. Bond Counsel to the City is further authorized to modify provisions of this Ordinance to provide for the issuance of a single Bond payable in annual principal installments in the event the Bonds are sold pursuant to a private placement and the winning bidder so requests such change.

In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Director of Finance of the City is further authorized to pay to the Attorney General of Texas prior to the delivery of the Bonds, for the Attorney General's review of the transcript of proceedings related to the Bonds, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

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

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

SECTION TWENTY. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after

the City has received written notice of such defaults, the holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION TWENTY-ONE. APPROPRIATION TO PAY INTEREST. Currently it is expected that the first interest payment date for the Bonds will occur on February 15, 2020. The City Council hereby finds that there are sufficient funds available to pay the interest on the Bonds expected to come due on February 15, 2020 and August 15, 2020, and hereby directs the Director of Finance to transfer on or before such dates available funds to the Interest and Sinking Fund in an amount sufficient to pay the actual interest coming due on such dates, if any.

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

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

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

[The remainder of this page intentionally left blank]

***PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE,
TEXAS AT A REGULAR MEETING HELD ON THE 22ND DAY OF OCTOBER, 2019, AT
WHICH MEETING A QUORUM WAS PRESENT.***

Mayor, City of Kerrville, Texas

ATTEST:

City Secretary
City of Kerrville, Texas

(City Seal)

Signature Page to Ordinance Authorizing the Issuance of
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2019

EXHIBIT A

FORM OF APPROVAL CERTIFICATE

CERTIFICATE APPROVING THE FINAL TERMS OF THE BONDS

I, the Director of Finance of the **CITY OF KERRVILLE, TEXAS** (the "City"), pursuant to authority granted by the provisions of Section 1207.007, Texas Government Code, and by the City Council of the City in Section 1(b) of an ordinance approved by the City Council on October 22, 2019, relating to the issuance of the Bonds defined below (the "Ordinance"), hereby certify as follows:

1. **GENERAL.** This Certificate is given in connection with the issuance by the City of the **CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019** (the "Bonds") which, pursuant to the Ordinance, have been authorized by the City Council.

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

3. **DATED DATE AND AGGREGATE PRINCIPAL AMOUNT.** The Bonds shall be dated _____, 2019, and shall be issued in the aggregate principal amount of \$_____.

4. **PRINCIPAL AMOUNTS AND INTEREST RATES.** The Bonds shall (i) mature on **February 15** in each of the years and in the respective principal amounts, and (ii) bear interest from _____, 2019] [the date of initial delivery of the Bonds to the initial purchaser named in paragraph 8 hereof] to their respective date of maturity at the respective interest rates, all as set forth below:

CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

MATURITY DATE (2/15)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	MATURITY DATE (2/15)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2021			2027		
2022			2028		
2023			2029		
2045			2030		
2025			2031		
2026					

The true interest cost rate on the Bonds is equal to _____ %, which is less than the maximum true interest cost rate of __. __% approved by the City Council in the Ordinance.

5. **INTEREST ON BONDS.** As provided in Section 4 of the Ordinance and in the FORM OF BONDS contained in Section 5 of the Ordinance, interest on the Bonds shall be payable on each February 15 and August 15, commencing on February 15, 2020, until stated maturity or redemption.

6. **OPTIONAL REDEMPTION.** [The Bonds maturing on and after February 15, 20__, may be redeemed prior to their scheduled maturities, at the option of the City, on February 15, 20__, or on any date thereafter, at the redemption price equal to par plus accrued interest to the date fixed for redemption.] OR [The Bonds are not subject to optional redemption prior to stated maturity.]

7. **MANDATORY SINKING FUND REDEMPTION.**

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

<u>TERM BONDS MATURING FEBRUARY 15, 20__</u>		<u>TERM BONDS MATURING FEBRUARY 15, 20__</u>	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
February 15, 20__		February 15, 20__	
February 15, 20__ (maturity)		February 15, 20__ (maturity)	

<u>TERM BONDS MATURING FEBRUARY 15, 20__</u>	
Mandatory Redemption Date	Redemption Amount (\$)
February 15, 20__	
February 15, 20__ (maturity)	

8. INITIAL PURCHASER AND PURCHASE PRICE.

If Bonds are sold pursuant to a negotiated underwriting, substantially the following language shall be used:

The following firms have been selected to serve as the underwriters of the Bonds to purchase the Bonds pursuant to a negotiated underwriting:

(the "Senior Managing Underwriter")

The Bonds shall be sold to the underwriters and purchased at a price equal to \$_____ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$_____, less underwriters' discount of \$_____), [plus accrued interest from _____, 20____] OR [and no accrued interest].

The Initial Bond shall be registered in the name of _____.

OR

If Bonds are sold pursuant to a competitive sale, the following language shall be used:

The following firm submitted the best bid to purchase the Bonds pursuant to a competitive sale:

The Bonds shall be sold to the initial purchaser and purchased at a price equal to \$_____ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$_____, less purchaser's discount of \$_____), [plus accrued interest from _____, 20____] OR [and no accrued interest].

The Initial Bond shall be registered in the name of _____.

9. SELECTION OF PAYING AGENT/REGISTRAR. _____ is hereby appointed to serve as the initial Paying Agent/Registrar for the Bonds.

10. SELECTION OF ESCROW AGENT. _____ is hereby appointed to serve as the Escrow Agent for the Bonds.

11. **DETERMINATION OF DEBT SERVICE SAVINGS.** Pursuant to the Ordinance, the City Council authorized the issuance of the Bonds in order to "achieve a net present value debt service savings for the benefit of the taxpayers of the City; provided, however, in no event shall Bonds be issued unless the City is able to achieve a net present value debt service savings of at least .____% of the principal amount of the Refunded Obligations." The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds will result in a gross debt service savings of \$_____ and a net present value debt service savings of \$_____ (.____% of the principal amount of the Refunded Obligations), after taking into account [a contribution from the City in the amount of \$_____.] [excess proceeds of the Bonds in the amount of \$_____ and] [accrued interest on the Bonds in the amount of \$_____.].

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

[The remainder of this page intentionally left blank]

**APPROVED BY THE DIRECTOR OF FINANCE OF THE CITY OF KERRVILLE,
TEXAS ON THE ____ DAY OF ____, 2019 IN ACCORDANCE WITH SECTION 1(b) OF
THE ORDINANCE.**

Director of Finance
City of Kerrville, Texas

Signature Page to Certificate Approving Final Terms of the
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2019

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

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

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

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

City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

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

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

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

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

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

Annual Financial Statements and Operating Data

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

1. The annual audited financial statements of the City or the unaudited financial statements of the City in the event audited financial statements are not completed within six (6) months after the end of any fiscal year.
2. All quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables __ through __ and __ through __ thereof (referred to in Section 12 of this Ordinance as the "Annual Operating Report").

Accounting Principles

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

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the
CITY OF KERRVILLE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011A
(Maturing on and after February 15, 2021)

NOTICE IS HEREBY GIVEN that the **CITY OF KERRVILLE, TEXAS** (the "City"), in Kerr County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, the following maturities of the City's outstanding **COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011A**, dated December 1, 2011 (the "Refunded Obligations"):

MATURITY (FEBRUARY 15)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	PRINCIPAL AMOUNT BEING REFUNDED (\$)	STATED INTEREST RATE (%)	CUSIP NO. (492422)
2021	195,000	195,000	2.000	LJ7
2022	195,000	195,000	2.000	LK4
2023	200,000	200,000	2.250	LL2
2024	205,000	205,000	2.500	LM0
2025	215,000	215,000	2.500	LN8
2026	220,000	220,000	2.750	LP3
2027	225,000	225,000	2.750	LQ1
2028	235,000	235,000	3.125	LR9
2029	240,000	240,000	3.250	LS7
2030	250,000	250,000	3.500	LT5
2031	255,000	255,000	3.500	LU2

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on February 15, 2020 (the "Redemption Date") *at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date*. The Refunded Obligations shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

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

BOKF, N.A.
Corporate Trust Services
111 Fillmore Ave. E
St. Paul, MN 55107
Bond Holder Communications: 1-866-429-7481

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

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



Contacts

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Regional Managing Director

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Direct: 210.308.2200

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Analyst

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Direct: 214.859.1731

Proposed Refunding Opportunity: General Obligation Refunding Bonds, Series 2019



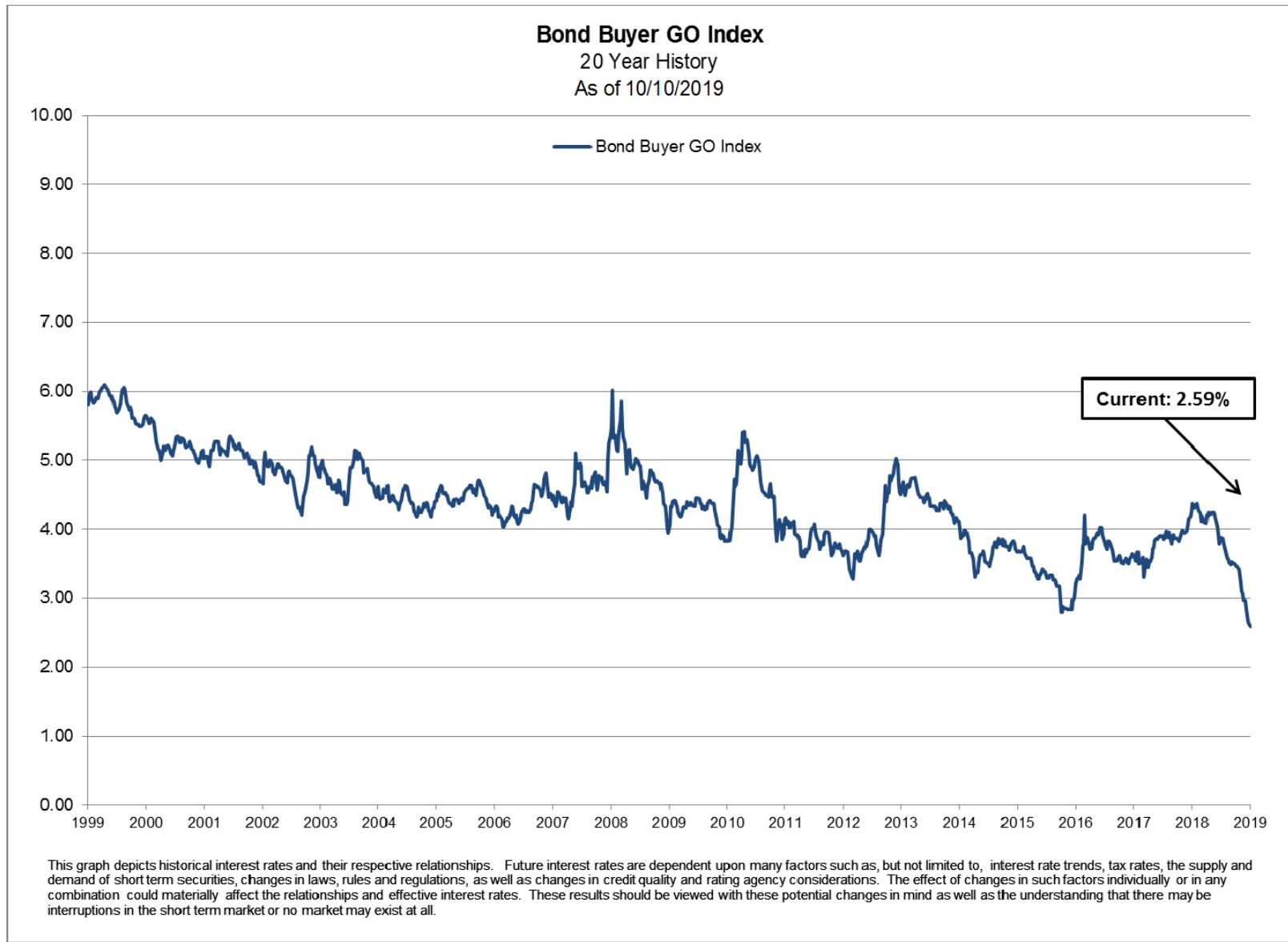
October 22, 2019

City of Kerrville, Texas

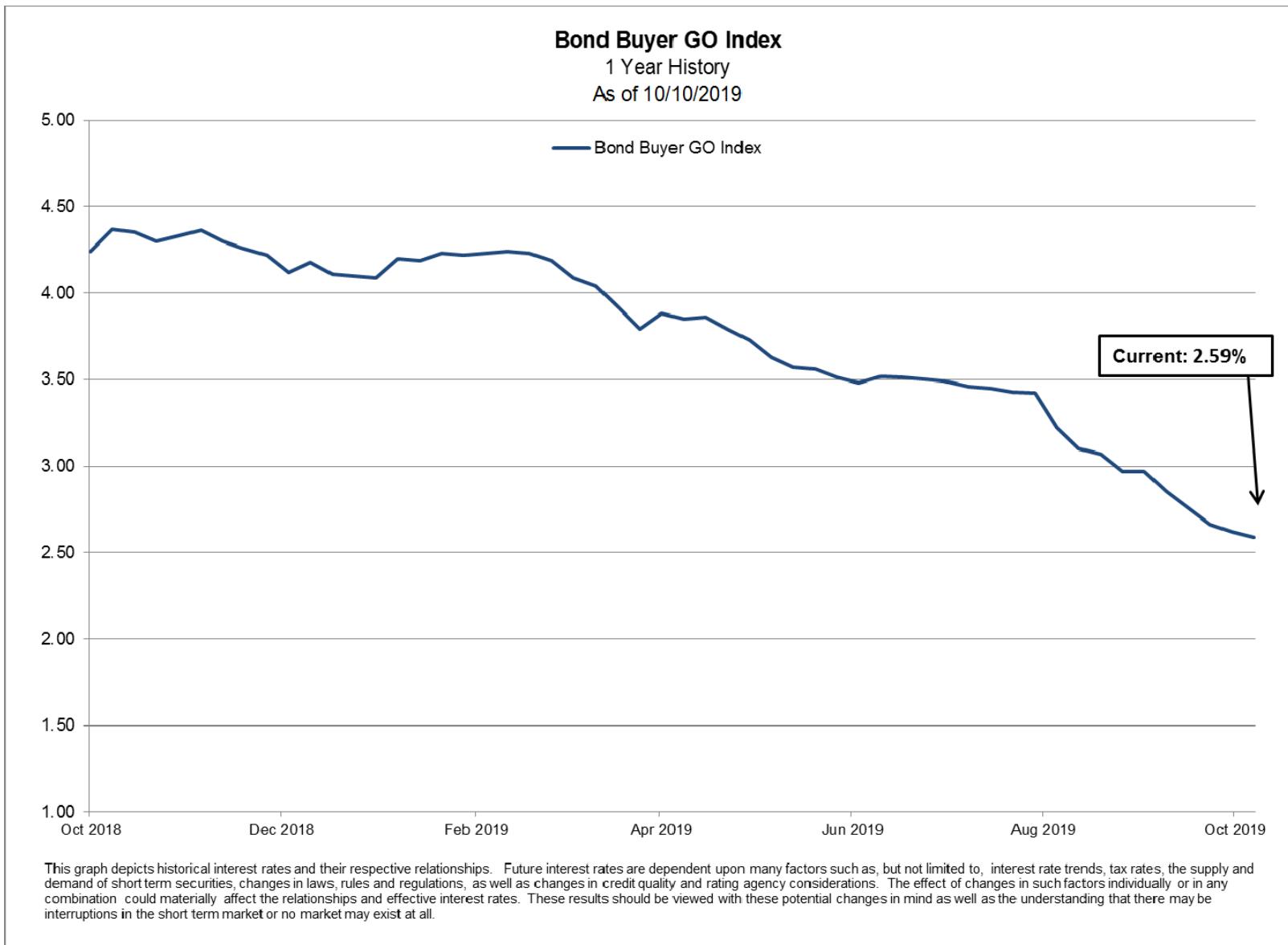
Market Update



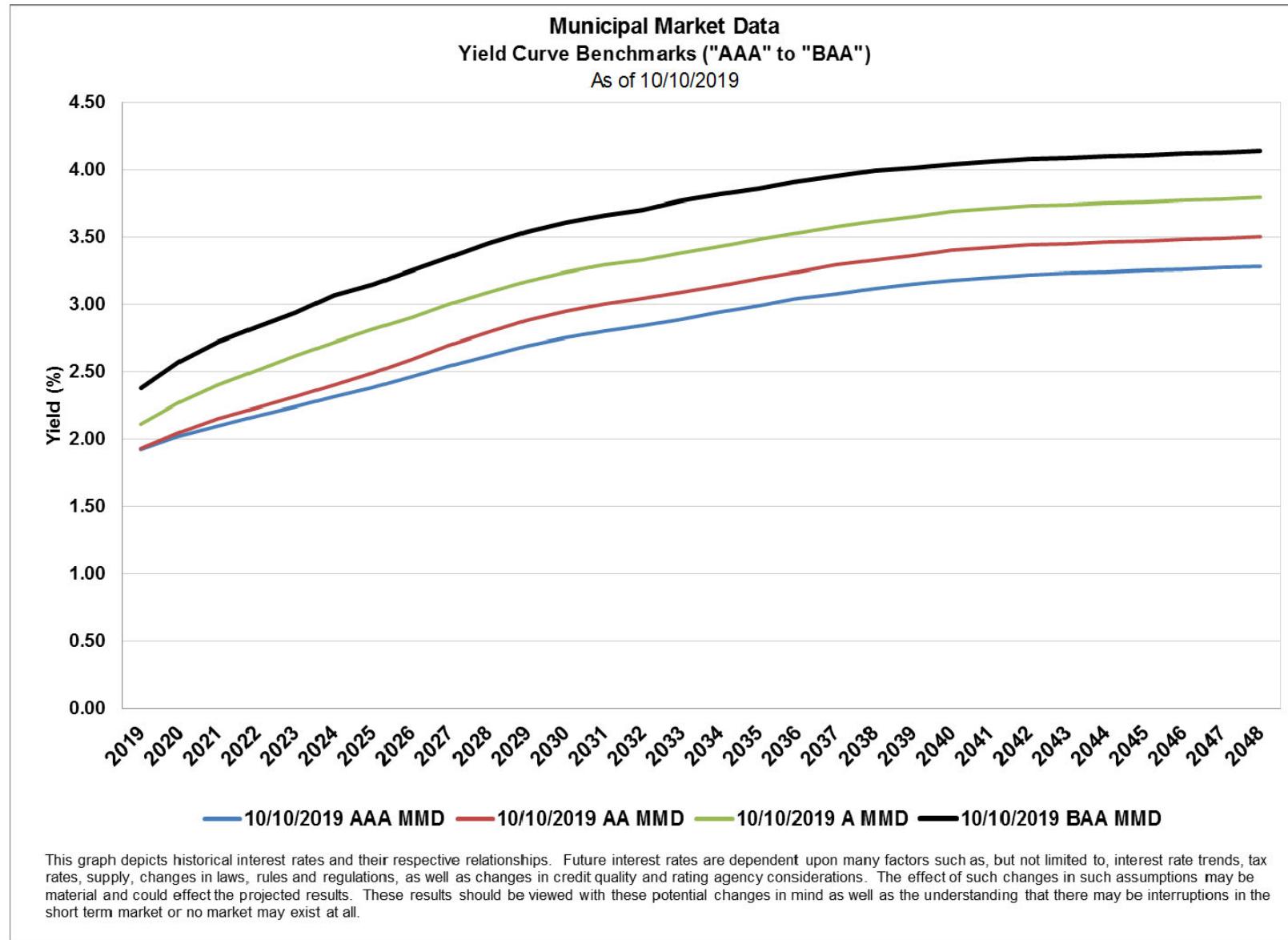
Bond Buyer's Index of 20 Municipal Bonds



Bond Buyer's Index of 20 Municipal Bonds



MMD Yield Curve



Bonds Soon to be Callable



Summary of Bonds Soon to be Callable

Combination Tax and Revenue Certificates of Obligation, Series 2011A

Original Principal Amount	\$3,500,000
Callable Principal	\$2,435,000
Callable Maturities	2021-2031
Coupons	2.00%-3.50%
Call Date	2/15/2020

Maturity	Principal	Interest Rate	Call Date
2/15/2021	\$ 195,000	2.000%	2/15/2020
2/15/2022	195,000	2.000%	2/15/2020
2/15/2023	200,000	2.250%	2/15/2020
2/15/2024	205,000	2.500%	2/15/2020
2/15/2025	215,000	2.500%	2/15/2020
2/15/2026	220,000	2.750%	2/15/2020
2/15/2027	225,000	2.750%	2/15/2020
2/15/2028	235,000	3.125%	2/15/2020
2/15/2029	240,000	3.250%	2/15/2020
2/15/2030	250,000	3.500%	2/15/2020
2/15/2031	255,000	3.500%	2/15/2020
	<u>\$ 2,435,000</u>		

Proposed Refunding Bonds, Series 2019



Proposed Refunding Bonds – Up-Front Savings and Current Interest Rates

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2019 -			
Date	Market and Up-Front Savings		
	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2020	\$67,856	\$64,896	\$2,960
9/30/2021	260,906	215,550	45,356
9/30/2022	257,006	215,900	41,106
9/30/2023	257,806	254,600	3,206
9/30/2024	257,994	257,200	794
9/30/2025	262,744	259,400	3,344
9/30/2026	262,031	261,200	831
9/30/2027	260,913	257,700	3,213
9/30/2028	264,147	263,800	347
9/30/2029	261,575	259,500	2,075
9/30/2030	263,300	259,900	3,400
9/30/2031	259,463	255,000	4,463
	<u>\$2,935,741</u>	<u>\$2,824,646</u>	<u>\$111,095</u>

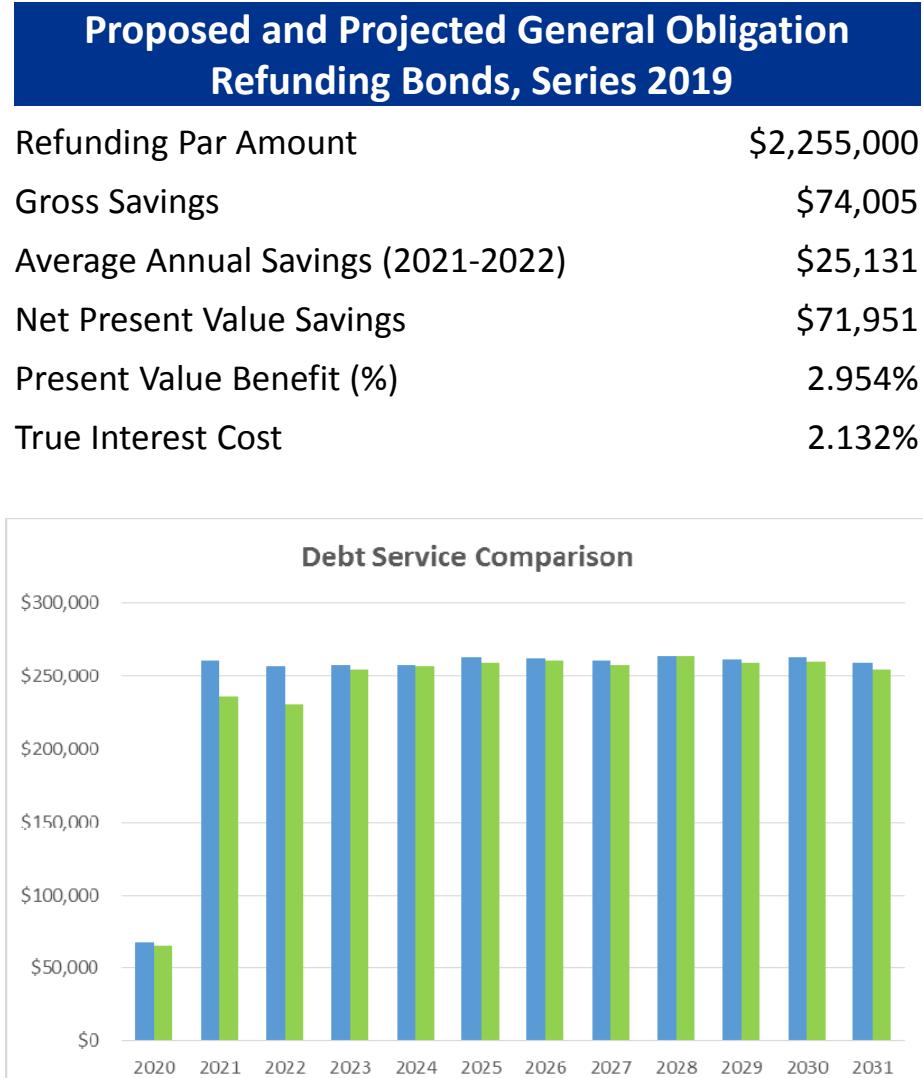
Proposed and Projected General Obligation Refunding Bonds, Series 2019	
Refunding Par Amount	\$2,220,000
Gross Savings	\$111,095
Average Annual Savings (2021-2022)	\$43,231
Net Present Value Savings	\$107,159
Present Value Benefit (%)	4.401%
True Interest Cost	1.904%
Debt Service Comparison	
\$300,000	
\$250,000	
\$200,000	
\$150,000	
\$100,000	
\$50,000	
\$0	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	

*Current Market Rates as of October 17, 2019.

Proposed Refunding Bonds – Up-Front Savings & Current Market Rates plus 25 bps

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2019 - Market Plus 25 bps and Up-Front Savings			
Date	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2020	\$67,856	\$65,786	\$2,070
9/30/2021	260,906	236,450	24,456
9/30/2022	257,006	231,200	25,806
9/30/2023	257,806	254,600	3,206
9/30/2024	257,994	257,200	794
9/30/2025	262,744	259,400	3,344
9/30/2026	262,031	261,200	831
9/30/2027	260,913	257,700	3,213
9/30/2028	264,147	263,800	347
9/30/2029	261,575	259,500	2,075
9/30/2030	263,300	259,900	3,400
9/30/2031	259,463	255,000	4,463
	\$2,935,741	\$2,861,736	\$74,005

*Current Market Rates plus 25 bps as of October 17, 2019.



Parameters Bond Sale



Parameter Bond Sale

Reason for Parameter Bond Sale = FLEXIBILITY

Market Timing- Bond issue is in 'Day-to-Day' mode, meaning bonds can be priced at any time and in an interest rate environment that is advantageous rather than being locked into pricing on the date of a City Council meeting.

- Suggested parameters for City Council consideration:
 - Minimum Savings Threshold for Refunding
 - Maximum Interest Rate
 - Maximum Principal Amount of Issue
 - Maximum Maturity Date
 - Expiration of Delegated Authority
 - Delegation Authority- The Mayor, the City Manager and/or the Chief Financial Officer

Parameter Bond Sale Recommended Parameters for Consideration

- Suggested parameters for City Council consideration:
 - Minimum Savings Threshold for Refunding – 2.50%
 - Maximum True Interest Cost Rate – 3.50%
 - Maximum Principal Amount of Issue - \$2,435,000
 - Maximum Maturity Date – February 15, 2031
 - Expiration of Delegated Authority – 180 Days
 - Delegation Authority- The Mayor, the City Manager and/or the Chief Financial Officer

Proposed Timetable of Events



Proposed Timetable of Events for Consideration

October						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

= Key Dates

TBD

Regular meeting to brief the City Council on the final terms of the Refunding Bonds and to present the transaction summary.

= Holidays

Summary



Summary

- The current municipal interest rate market is near historical lows
- The City of Kerrville has the opportunity to refund existing bonds at lower interest rates resulting in projected debt service savings
- If City Council is interested in pursuing a refinancing of the Series 2011A Certificates of Obligation, next steps are as follows:
 - Confirm the parameters to be met prior to the issuance of the refunding bonds
 - Adopt the ordinance authorizing the issuance of the refunding bonds
 - Proceed with the proposed Timetable of Events
 - Continue to monitor the municipal bond interest rate markets for changes



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

SUBJECT: Ordinance No. 2019-25. An Ordinance amending the budget for Fiscal Year 2019 to authorize the transfer of funds between different funds to account for a general fund balance; and to make other amendments as provided herein.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Oct 14, 2019

SUBMITTED BY: Amy Dozier

EXHIBITS: [20191022_Ordinance_2019-25 Amending Budget for FY2019.pdf](#)
[20191022_Ordinance_Attachment A.pdf](#)
[20191022_Ordinance_Financial Presentation.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

Consistent with prior years, the Finance Department brings forward a budget amendment just after the close of the fiscal year for several routine or housekeeping items as well as authorization for year end transfers between funds. These changes require approval from the City Council in the form of an ordinance that requires two readings and two votes. FY2019's year-end budget amendment includes the following items:

1. \$350,000 Transfer from General Fund to General Capital Projects Fund - This amount will cover the remaining portion of the FY2019 streets maintenance projects for Slurry Seal and Hill Country Drive that were started in FY2019, but, due to timing beyond our control, will not be finished until FY2020.
2. \$90,000 Transfer from General Fund to General Capital Projects Fund - Parks and Recreation is transferring unused operating budget to the project fund to pay for a portion of the emergency pool plaster project authorized by Council in August 2019.

3. \$117,000 Transfer from General Fund to General Capital Projects Fund - The airport is requesting \$150,000 in capital project funding. The original \$33,000 request is budgeted in the FY2020 General Fund operating budget. This amendment will use unspent FY2019 operating budget in the General Fund for the additional portion of the request.

4. \$12,000 increase in expenditures in the PEG Special Revenue Fund - Available fund balance is being used for an additional expenditure related to closed captioning services from Granicus that were added earlier in the year at the request of Council.

5. \$93,000 increase in expenditures in the Insurance Reserve Fund - This amendment authorizes additional expenditures in the Insurance Reserve Fund for unbudgeted items related to mold damage at Development Services, netting replacement at the Golf Course, and legal services related to the October 2018 flood damage. The Insurance Reserve Fund used available fund balance to pay for any portion of the expenditure that was not reimbursed by insurance. The Insurance Reserve Fund has a \$167,447 as of 9/30/19.

6. \$42,500 increase in revenues and expenditures in the Development Services Fund - This amendment accounts for additional revenue and expense related to outsourcing the review of KISD's plans for the new middle school. Due to staffing changes during the year, the plan review was outsourced. The cost of the outsourced review was paid by KISD and recorded as Plan Check Fee revenue.

The Finance department is working hard to close the books and prepare for our audit of the fiscal year that ended on September 30, 2019. Our final year end adjustments will not be complete until November, however, we have updates on where things currently stand for the following funds:

1. General Fund - Revenues are currently \$218K better than budget primarily due to better than budget performance in sales tax and recreation revenue. If the budget amendment is passed, expenditures are estimated to be \$30K better than budget for the year.

2. Water Fund - Operating revenues will not be finalized until November, but current revenues are approximately \$950K under budget. Significant operational expense savings have helped mitigate the net operating loss down to approximately \$521K. The \$100K transfer from the Water Fund to the Asset Replacement Fund approved by Council earlier in the year has not been made. Other savings include salary savings from staffing vacancies, plus chemical and maintenance cost savings.

3. The Hotel Occupancy Tax fund finished the year with tax revenue of \$1.4M, which is \$103K or 7.8% better than budget. Expenditures were slightly better than budget leading to an increase of \$158K in fund balance.

4. The Golf Fund finished the year with revenues of \$924K, which is \$92K under budget. Operating expenditures were \$47K better than budget, leading to an operating loss of \$46K. Note that the loss will increase when year end adjustments for fixed asset depreciation and pension expense are recorded.

RECOMMENDED ACTION:

Approve Ordinance No. 2019-25 on first reading.

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2019-25**

AN ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2019 TO AUTHORIZE THE TRANSFER OF FUNDS BETWEEN DIFFERENT FUNDS TO ACCOUNT FOR A GENERAL FUND BALANCE; AND TO MAKE OTHER AMENDMENTS AS PROVIDED HEREIN

WHEREAS, Ordinance No. 2018-17, as approved upon second reading on September 11, 2018, adopted the Fiscal Year 2019 Budget for the City of Kerrville, Texas; and

WHEREAS, City Council finds that amending the City's Fiscal Year 2019 Budget is in the best interest of the citizens of the City of Kerrville;

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

In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2019 is amended as set forth in **Attachment A**.

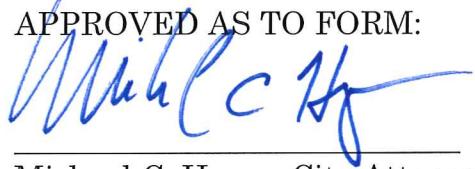
PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2019.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, A.D., 2019.

Bill Blackburn, Mayor

ATTEST:

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Shelley McElhannon, City Secretary

Attachment A
 City of Kerrville
 FY2019 Year End Budget Amendment

Fund	Account #	Account Name	Debit	Credit
1. General Fund	01-0100-9070	Transfer Out - Gen Capital Projects	350,000	
General Capital Projects	70-7001	Transfer In - General Fund		350,000
General Fund	01-0100-9070	Transfer Out - Gen Capital Projects	90,000	
General Capital Projects	70-7001	Transfer In - General Fund		90,000
General Fund	01-0100-9070	Transfer Out - Gen Capital Projects	117,000	
General Capital Projects	70-7001	Transfer In - General Fund		117,000

Note:

This amendment authorizes the transfer of \$557,000 for the following projects that will be completed in FY2020:

- a. **Streets Maintenance** - \$350,000 - this amount will cover the remaining portion of the FY2019 streets maintenance projects for Slurry Seal and Hill Country Drive that were started in FY2019, but, due to timing beyond our control, will not be finished until FY2020.
- b. **Pool Replaster** - \$90,000 - Parks and Recreation is transferring unused operating budget to the project fund to pay for a portion of the emergency replaster authorized by Council in August 2019.
- c. **Airport** - \$117,000 - The airport is requesting \$150,000 in capital project funding. The original request of \$33,000 is budgeted in the FY2020 General Fund operating budget. This amendment will use unspent FY2019 operating budget from the General Fund for the additional portion of the request.

2. PEG Special Revenue	21-2100-2300	Software Maintenance Agreements	12,000
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Note:

This amendment authorizes an expenditure for closed captioning fees added to the City's agreement with Granicus at Council's request. The expenditure is paid from existing fund balance in this special revenue fund, which has a cash balance of \$37,324 at 9/30/19.

Attachment A
 City of Kerrville
 FY2019 Year End Budget Amendment

Fund	Account #	Account Name	Debit	Credit
3. Insurance Reserve Fund	90-9000-2000	Building & Structure Maintenance	79,000	
Insurance Reserve Fund	90-9000-3105	Legal Services	14,000	

Note:

This amendment authorizes expenditures from the Insurance Reserve fund for unbudgeted items related to mold damage at Development Services, netting replacement at the Golf Course, and legal services related to October 2018 flood damage. The Insurance Reserve Fund used available fund balance to pay for any portion of the expenditure that was not reimbursed by insurance. The Insurance Reserve Fund has a \$167,447 available cash balance as of 9/30/19.

4. Development Services Fund	29-2902-3155	Inspection Services	42,500	
Development Services Fund	29-6257	Plan Check Fee		42,500

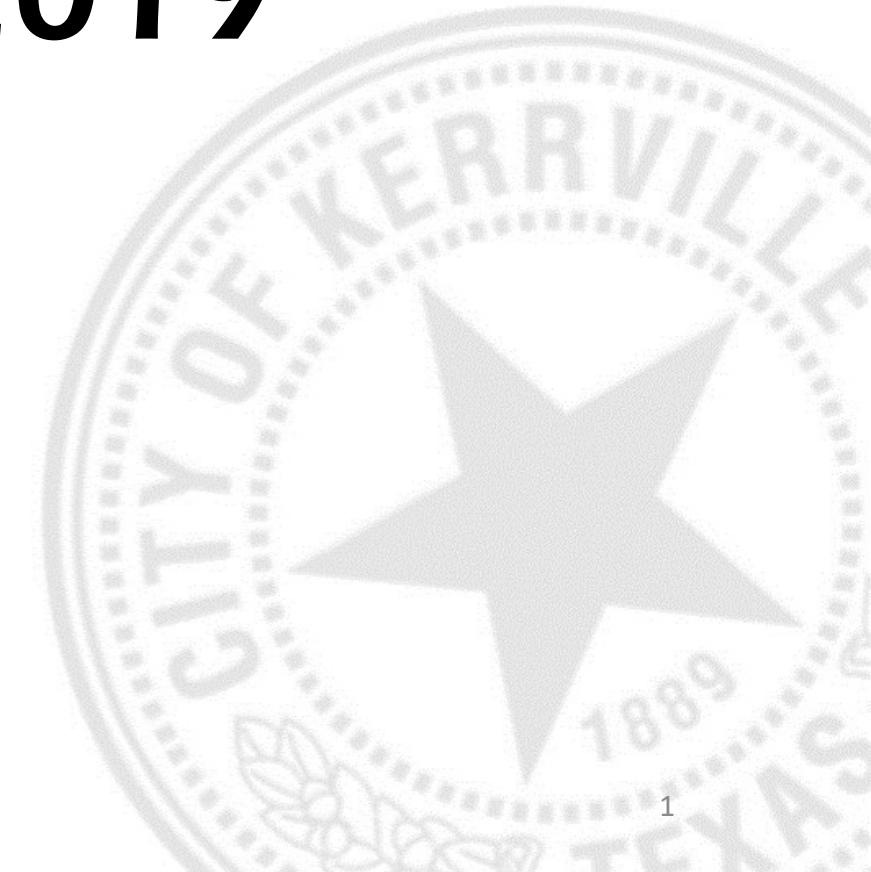
Note:

This amendment accounts for additional revenue and expense related to outsourcing the review of KISD's plans for the new middle school. Due to staffing changes during the year, the plan review was outsourced. The cost of the outsourced review was paid by KISD and recorded as Plan Check Fee revenue.



Preliminary Financial Update for the Year Ended September 30, 2019

**City Council Meeting
October 22, 2019**





General Fund Highlights

REVENUES

- **Revenue amounts will not be final until November**
- **Revenue is currently \$218K or 0.8% better than budget**
- **Sales tax will not be final until November, but it is currently estimated to be \$216K or 3.1% better than budget**
- **Recreation revenue is \$81K or 13.4% better than budget**



General Fund Highlights

EXPENDITURES

- **If the budget amendment is approved, expenditures are estimated to be \$30K or 0.1% under budget**
- **Budget savings due primarily to vacancies in Police and Parks**
- **Unspent operating budget will be used for cash funding of capital projects if the budget amendment is approved**
- **The remaining portion of the FY2019 streets maintenance budget (in project fund) plus the entire FY2020 streets maintenance budget is expected to be spent in FY2020**



Water Fund Highlights

OPERATING REVENUES & EXPENDITURES

- Operating revenues will not be final until November
- Current revenues are approximately \$950K under budget
- Significant operational expense savings have helped mitigate the current net operating loss down to approximately \$521K
- Operating expenditure savings due:
 - * staffing vacancies
 - * lower than budget maintenance cost
 - * lower than budget chemical costs
 - * \$100K transfer to Asset Replacement Fund approved earlier in the year was not made



Hotel Occupancy Tax Highlights

REVENUES & EXPENDITURES

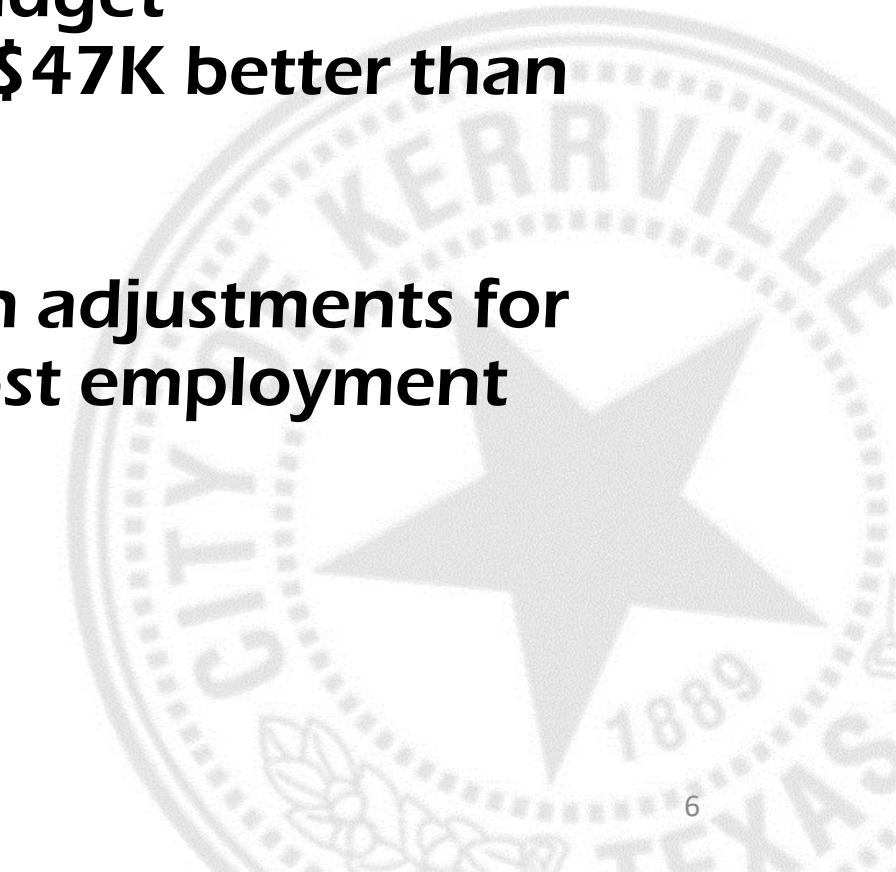
- Occupancy tax for the year totaled \$1.4M, which is \$103K or 7.8% better than budget
- Expenditures were \$43K better than budget because contingency budget was not used
- Net income of \$158K added to fund balance



Golf Fund Highlights

OPERATING REVENUES & EXPENDITURES

- **Revenues of \$924K, \$92K under budget**
- **Operating expenditures of \$969K, \$47K better than budget**
- **Operating loss of \$46K**
- **Does not include year end non-cash adjustments for depreciation, pension and other post employment benefits**





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

SUBJECT: Ordinance No. 2019-24. Second reading. An Ordinance closing, abandoning, and vacating all right, title, and interest in a portion of a public right-of-way, consisting of approximately 3,148 square feet of an unimproved portion of an alley that extends between "G" Street and its intersection with "H" Street and Broadway (State Highway 27); said alley located between Water Street to the south and Broadway to the north and out of the Joseph A. Tivy's Addition, a subdivision within the City of Kerrville, Kerr County, Texas, pursuant to the plat recorded in volume P, page 16 of the plat property records of Kerr County, Texas; and located within the City of Kerrville, Texas on properties known as 1701 and 1715 Broadway; finding that said portion is not required for future use as a public street; ordering recording; providing an effective date; and providing other matters related to this subject.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Oct 11, 2019

SUBMITTED BY: Drew Paxton

EXHIBITS: [20191022_Ordinance_2019-24 Abandoning G Street alley ROW.pdf](#)
[20191008_Ordinance_2019-24 Exhibit A.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	No
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

This unimproved alleyway was dedicated to the City via a late 19th century plat to the City. The City does not own the land, but simply has the right to utilize it as a ROW easement for an alley. It currently serves no public City purpose and essentially functions as a parking lot

and private driveway for the businesses that are located on either side of it, and for whom already own the underlying land where the easement is located. The alleyway does have an Atmos gas line located underground in this location, and that gas line easement will remain. The owners of the adjacent property have asked that the ROW designation be removed so that "cut-through" traffic will be less likely to utilize the alley to travel east from G Street to Broadway to make an eastbound turning movement. Due to the sharp angle of the alleyway in relation to Broadway, the abandonment of the alleyway will reduce the traffic safety hazard created from the approach angle of the alleyway in relation to Broadway. In addition, there is value to the City in not having to improve the ROW easement in the future for public use as an alleyway.

Public Hearing and first reading of the Ordinance was held Tuesday October 8, 2019. This item was unanimously approved on first reading by the City Council at that meeting. This is the second reading of the Ordinance.

RECOMMENDED ACTION:

Authorize the City Manager to finalize and execute the abandonment documentation.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2019-24

AN ORDINANCE CLOSING, ABANDONING, AND VACATING ALL RIGHT, TITLE, AND INTEREST IN A PORTION OF A PUBLIC RIGHT-OF-WAY, CONSISTING OF APPROXIMATELY 3,148 SQUARE FEET OF AN UNIMPROVED PORTION OF AN ALLEY THAT EXTENDS BETWEEN "G" STREET AND ITS INTERSECTION WITH "H" STREET AND BROADWAY (STATE HIGHWAY 27); SAID ALLEY LOCATED BETWEEN WATER STREET TO THE SOUTH AND BROADWAY TO THE NORTH AND OUT OF THE JOSEPH A. TIVY'S ADDITION, A SUBDIVISION WITHIN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS, PURSUANT TO THE PLAT RECORDED IN VOLUME P, PAGE 16 OF THE PLAT RECORDS OF KERR COUNTY, TEXAS; AND, LOCATED WITHIN THE CITY OF KERRVILLE, TEXAS ON PROPERTIES KNOWN AS 1701 AND 1715 BROADWAY; FINDING THAT SAID PORTION IS NOT REQUIRED FOR FUTURE USE AS A PUBLIC STREET; ORDERING RECORDING; PROVIDING AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THIS SUBJECT

WHEREAS, "G" Street and "H" Street are located between and intersect with both Water Street to the south and Broadway (State Highway 27) to the north; and

WHEREAS, an unimproved portion of a public right-of-way exists between "G" Street and "H" Street ("Right-of-Way Segment"), which though neither improved nor marked in any way, limits development on the properties that it crosses; and

WHEREAS, the Right-of-Way Segment, intended as an alley, has not been and is no longer required for public use as the City has no plans to improve or maintain it as a public right-of-way; and

WHEREAS, the property owners who own property on both sides of this Right-of-Way Segment and have plans for the continued use and potentially, the additional development of that property ("Owners"), have asked the City to abandon and vacate such segment; and

WHEREAS, as the Right-of-Way Segment which is requested to be abandoned and vacated is unimproved, will not be needed as a future public right-of-way, would require the expenditure of funds to improve, and even if improved, may pose a safety hazard as to its use and entry onto Broadway, City staff recommends that the City formally close, abandon, and vacate the Right-of-Way Segment, subject to terms of this Ordinance; and

WHEREAS, the City of Kerrville, Texas, is a home-rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and

WHEREAS, Texas Transportation Code Section 311.007 authorizes any such city to abandon, vacate, or close any street or alley; and

WHEREAS, City Council held a public hearing beginning at approximately 6:00 p.m. on October 8, 2019, as advertised, to consider public comments regarding the issue of closure, abandonment, and vacation of the Right-of-Way Segment; and

WHEREAS, pursuant to the actions contemplated to be taken below and in order to avoid any future cost to the public required with respect to the future improvement and maintenance of the Right-of-Way Segment, the City Council of the City of Kerrville, Texas, acting pursuant to state law and to facilitate the development of property, avoid unnecessary costs and safety issues with respect to improving the Right-of-Way Segment, finds it to be in the public interest and advisable to close, abandon, and vacate the Right-of-Way Segment, subject to the limitations and conditions which follow;

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

SECTION ONE. The facts and matters set forth in the preamble to this Ordinance are hereby found to be true and correct.

SECTION TWO. Subject to the limitations and conditions below, City Council finds that the following right-of-way (“Right-of-Way Segment”) is no longer essential to the safe and efficient flow of traffic. As an exercise of its discretion, City Council hereby closes, abandons, and vacates in favor of the abutting property owners, as appropriate, all of the City’s right, title, and interest of the public in and to the Right-of-Way Segment, which is identified as follows:

That portion of an unimproved public right-of-way as it continues southeast from its intersection with “G” Street to its intersection with both “H” Street and Broadway, and being pictured in Exhibit A, attached hereto and incorporated herein by reference.

SECTION THREE. The Right-of-Way Segment exists by virtue of a subdivision plat recorded at Volume P and beginning on Page 16, of the Plat Records of Kerr County, Texas.

SECTION FOUR. The properties abutting the Right-of-Way Segment are:

**1701 Broadway, Kerrville, TX 78028
1715 Broadway, Kerrville, TX 78028**

The listing above is made solely to facilitate indexing this Ordinance in the Real Property Records of Kerr County, Texas. If the listing is inaccurate or not comprehensive, it does not affect the validity of this Ordinance or the closure, abandonment, and vacation of the Right-of-Way Segment.

SECTION FIVE. The Right-of-Way Segment exists by easement (plat). The rights closed, abandoned, and vacated by the City pursuant to this Ordinance now unburden the underlying fee ownership of the Right-of-Way Segment by the adjacent lot owners. For purposes of future conveyance and to better reflect their ownership generally, owners of the adjacent properties should replat. No such replat impairs the rights retained by City below, unless in the

course of replatting, the owner(s), at its own expense, otherwise provides for those rights according to platting rules of general applicability.

SECTION SIX. All presently existing water and wastewater lines and facilities, electric transmission and distribution lines and facilities, gas lines and facilities, communication lines and facilities, or any other public utility lines and facilities, if any, may remain in place despite this Ordinance and may continue to be used, repaired, enlarged, and maintained in the ordinary course of business. Any person wanting removal of an existing utility line or facility must negotiate separately with the pertinent utility. Any person building on the Right-of-Way Segment without first reaching an agreement with a utility having a line(s) or facility(s) within the segment does so at its own risk. Upon the effective date of this Ordinance, no utility may add additional utility lines or facilities within the Right-of-Way Segment based on a claim that the Right-of-Way Segment is a public (street or alley) right-of-way. This closure does not give up any right arising other than from the plat or other instrument creating the public alley right-of-way. Neither does this Ordinance create new easement rights.

SECTION SEVEN. The City Secretary is authorized and directed to prepare a certified copy of this Ordinance and furnish the same to abutting property owners, and in addition, record this closure, abandonment, and vacation Ordinance in the Real Property Records of Kerr County, Texas of all the right, title, or interest of the City in and to said right-of-way described in Volume P, Page 16 and specified in Section Two, but only to that interest that City Council may lawfully close, abandon, and vacate, and subject to the limitations and conditions of this Ordinance.

SECTION EIGHT. The City Manager or designee is authorized and directed to execute and deliver any document(s) and to take any action(s) necessary to complete the closure, abandonment, and vacation.

SECTION NINE. This Ordinance shall become effective immediately after its second reading and final passage.

PASSED AND APPROVED ON FIRST READING, this the 08 day of October, A.D., 2019.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, A.D., 2019.

APPROVED AS TO FORM:



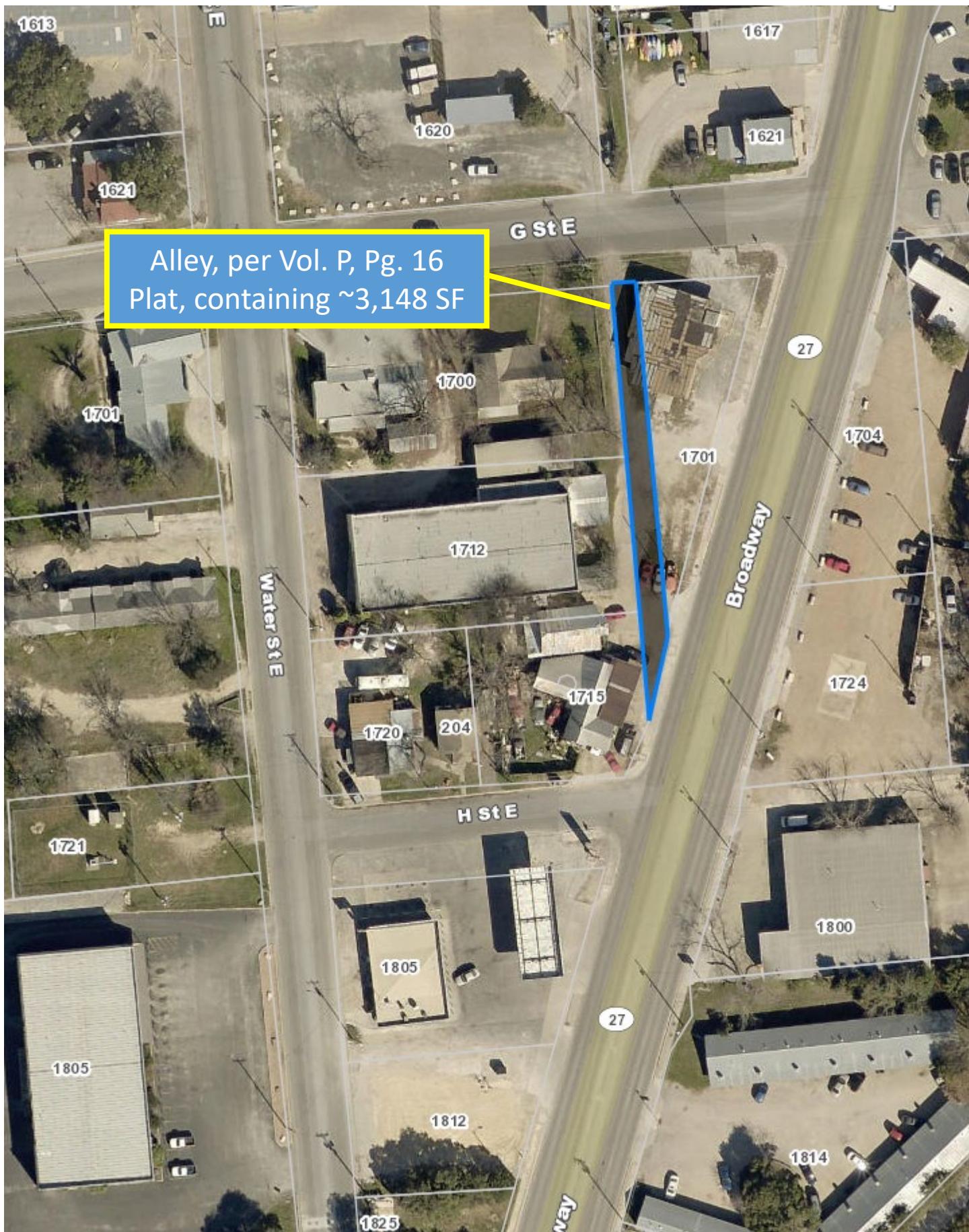
Michael C. Hayes, City Attorney

Bill Blackburn, Mayor

ATTEST:

Shelley McElhannon, City Secretary

EXHIBIT A





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

SUBJECT: Appointments to the Senior Services Advisory Board.

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Sep 30, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Board Appointment_Senior Services Advisory Committee 10-1-19 member sheet.pdf](#)

Expenditure Required:	Remaining Budget Balance in Account:	Amount Budgeted:	Account Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	C - Community / Neighborhood Character and Place Making
Guiding Principle	Promote the use of inclusive processes to capture the voices of the citizenry in decision making
Action Item	C1.6 - Provide service options for elderly persons who want to stay in their homes

SUMMARY STATEMENT:

During the January 08, 2019 initial appointment of Committee members, Council appointed 6 of the Committee members to terms expiring September 30, 2019. Subsequent appointments shall serve a full two-year term. Due to these expired terms plus two resignations, the Committee currently has eight vacancies.

Members must be at least 55 years of age or have relative experience in providing services to seniors, should be persons who are concerned about senior affairs in the community, and must reside within the City.

Four applications have been received, all for reappointment: Susan Eklund, Waverly Jones, Rebecca Piszcior, and Sandra Yarbrough. These applicants are eligible for reappointment.

RECOMMENDED ACTION:

Appoint members to the Senior Services Advisory Board.

KERRVILLE SENIOR SERVICES ADVISORY COMMITTEE

	Appointed	Expires
BLEVINS, MISTY	01-08-19	09-30-20
BURKETT, KAREN	01-08-19	09-30-20
JETTON, MARGIE	01-08-19	09-30-20
KLIMA, CHRISTINE	01-08-19	09-30-20
OGLE, ROBERT	01-08-19	09-30-20
PAUL, DIANE	01-08-19	09-30-20
STANDAGE, THERESA	02-12-19	09-30-20
WILSON, MIKE	02-12-19	09-30-20
VACANT		

City Staff: Kim Meismer, Executive Director for General Operations

Qualifications: Members must be at least 55 years of age, or have relative experience in providing services to seniors, should be persons who are concerned about senior affairs in the community, and must reside within the City.

Functions:

1. The Senior Services Advisory Committee shall act as an advisory body to the City Manager and City Council and shall:

- a. recommend the role of the City and the Committee in ensuring the provision of services to the elderly;
- b. advise City Council as requested on elderly issues;
- c. assist the City in identifying programs for the elderly that are needed in the community; and
- d. perform other duties assigned by City Council;

2. The City Manager shall designate staff liaison responsibilities to the Committee

Quorum: Nine

Number of Members: Sixteen

Meeting Time & Place: The 2nd Tuesday of the month at 2:00pm, in the Upstairs Conference Room

Established by Ordinance 2018-32

Revised 8/22/19



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

SUBJECT: Appointments to the Planning and Zoning Commission. (This item is eligible for discussion in executive session).

AGENDA DATE OF: October 22, 2019 **DATE SUBMITTED:** Sep 23, 2019

SUBMITTED BY: Shelley McElhannon

EXHIBITS: [20191022_Board Appointment_Planning and Zoning Commission 10-01-19 member sheet.pdf](#)

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	E - Economic Development
Guiding Principle	E2. Develop policies, processes and programs, including economic incentives, which are clear and consistently applied by a team of City and partner economic development entities working with stakeholders and focused on attracting, retaining and expanding business
Action Item	N/A

SUMMARY STATEMENT:

Two member vacancies for the Planning and Zoning Commission. Due to the adoption of the new Zoning Code, Planning and Zoning will no longer have alternate positions after October 01, 2019. The Planning and Zoning Commission will have seven regular members with no alternates. The previous alternate William Morgan has submitted an application to be appointed as a regular member.

The interview team for this board is Councilmember Place 2 Kim Clarkson and Councilmember Place 4 Delayne Sigerman.

Applicants: Shane Bourgeois, David Lipscomb, Bill Morgan, Ed Perry, Linda Stilwell, Clinton Thomas, and Cliff Tuttle.

RECOMMENDED ACTION:

Appoint members to the Planning and Zoning Commission.

PLANNING AND ZONING COMMISSION

WALLER, ROBERT
Chair

HARMON, GARRETT
Vice-Chair

BYROM, TRICIA
Member

JONES, DAVID THOMAS
Member

ZUBER, RUSTIN
Member

VACANT

VACANT

CITY STAFF:

Drew Paxton 258-1178 (O)
Planning Director drew.paxton@kerrvilletx.gov

Number of Members: Seven regular members.

Qualifications: At least five members shall be residents and eligible voters of the city; two members may reside in the city's extraterritorial jurisdiction (ETJ) and must be an eligible voter of Kerr County.

Powers and Duties:

1. Shall formulate and recommend to the city council for adoption a Comprehensive Plan for the orderly growth and development of the city and its environs. The commission may review and recommend such changes in the plan as it finds will facilitate the movement of people and goods, and the health, recreation, safety and general welfare of the citizens of the city.
2. Shall formulate a zoning ordinance as may be deemed best to carry out the goals of the Comprehensive Plan; hold public hearings; make recommendations to city council relating to the creation, amendment, and implementation of zoning regulations and districts as provided in state law.
3. Review Subdivision Plans and Plats, and shall exercise all powers of a commission as to approval or disapproval of plans, plats, or replats as set out by state law and the city's subdivision regulations.
4. Shall consider and make recommendations on applications for changes in zoning and may initiate for consideration at public hearings proposals for the original zoning of annexed areas or for the change of zoning district boundaries.
5. Shall consider and take appropriate action on variances to the City's subdivision regulations and any other ordinances as prescribed by City Council. Variances to the terms of the Zoning Code, excluding the list of permitted land uses, shall be reviewed by the Board of Adjustment as authorized by Chapter 211, Texas Local Government Code, as amended.

6. Shall from time to time recommend such changes to the Zoning Code, subdivision regulations, development standards, and any other ordinance city council assigns to its review, that will facilitate the general health, safety and welfare of the citizens of the city.

Term of Office: Two years. No member shall serve more than three consecutive full terms on the Commission without having at least one full year off the Commission between terms.

Quorum: Four members.

Meeting Time & Place: First and third Thursdays, 4:30 p.m., City Hall; Council Chambers.

Absences: See the *Procedural Rules for Kerrville City Boards*.

Established by: Zoning Code, Ordinance No. 2019-17.

* Appointed as alternate

** Appointed as full member

Revised: October 01, 2019