

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, MARCH 16, 2020, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION

1. VISITORS / CITIZENS FORUM:

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

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular EIC meeting held on January 13, 2020 and February 17, 2020.

3. MONTHLY REPORTS:

3A. Monthly financials for February 2020.

3B. Projects update:

River Trail Extension to Schreiner University

Tennis Center Improvements

Aquatics Feasibility Study

Olympic Drive Infrastructure Extension

Downtown Streetscape/Parking Garage

Legion Lift Station

Aerial Pipe Bridge

Thompson/Spur 98 Infrastructure Extension

Arcadia Theater

KERV Airport Improvements

3C. Monthly update from Kerr Economic Development Corporation.

4. PUBLIC HEARING AND POSSIBLE ACTION:

4A. Economic Development Grant Agreement between the Doyle School Community Center, Inc. (located at the intersection of Paschal Avenue and W. Barnett Street).and the City of Kerrville, Texas Economic Improvement Corporation.

5. EXECUTIVE SESSION:

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

Code, including the following matters:

- Sky Master business development project (551.071, 551.087, 551.072)
- Proposals for Workforce Housing on Loop 534 Property (551.072)

6. **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION**
7. **ITEMS FOR FUTURE AGENDAS**
8. **ANNOUNCEMENTS**
9. **ADJOURNMENT**

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

I hereby certify that this agenda was posted as notice of the meeting on the bulletin board at the City Hall of the City of Kerrville, Texas, and on the City's website on the following date and time: March 13, 2020 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Shelley McElhannon

Shelley McElhannon, City Secretary, City of Kerrville, Texas

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

JANUARY 13, 2020

On Monday, January 13, 2020, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Kent McKinney, Vice-President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Maggie Megee offered the invocation.

Members Present:

Kent McKinney, Vice President
Danny Almond
Don Barnett
Maggie Megee
Gregory Richards
Aaron Yates

Members Absent:

Kenneth Early, President

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Amy Dozier, Finance Director
Kayla McInturff, Deputy City Secretary

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

1. **VISITORS/CITIZENS FORUM:** None

2. **APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular EIC meeting held on December 16, 2019.

Don Barnett moved to approve the minutes. Maggie Megee seconded the motion and the motion passed 6-0.

3. **PROJECTS UPDATE:**

3A. Monthly financials for December 2019.

Amy Dozier presented monthly financials for December 2019.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail Extension to Schreiner University: Initial concrete pouring of the River Trail has started and 100% of the brush clearing is complete. On track, weather permitting, to finish in April or May timeframe.

Tennis Center Improvements: Substantial completion in late February or March anticipated from the contractor.

Legion Lift Station: A few more pieces of equipment anticipated for near-term install, but should be complete in the next few months.

Olympic Drive Infrastructure Extension: Construction is anticipated to begin in the next few weeks on utility and street portions.

Aerial Pipe Bridge: Application is complete for the additional \$500,000 in Disaster Recover Funds to add to the current million received from the Texas Water Development.

Hobby Lobby: Grand Opening set on January 27th.

Aquatics Feasibility Study: Final stages of wrapping study up and anticipate presenting to the Parks Advisory Board in March timeframe.

Thompson/ Spur 98 Infrastructure Extension: Wrapping up off-site infrastructure.

Arcadia Theater: Construction has started by non-profit Arcadia Live owner.

KERV Airport Improvements: City staff and Airport staff met regarding next phases of demolition of horseshoe building.

Downtown Streetscape and Parking Garage: Bid package to go out and will receive bids before February 11th.

3C. Monthly update from Kerr Economic Development Corporation.

Gil Salinas presented monthly update and Project Skymaster update.

Theresa Metcalf presented quarterly project for KEDC 2-year Roadmap and Economic Development Plan.

4. EXECUTIVE SESSION:

Aaron Young moved for EIC to go into executive closed session to discuss subject matter under Section 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code. Danny Almond seconded, and the motion passed 7-0.

6A. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act; discussion regarding commercial or financial information received from a business prospect(s), and/or to deliberate the offer of a financial or other incentive to a business prospect(s). (Section 551.087, TX Government Code)
At 4:35 p.m. the regular meeting recessed. EIC went to executive closed session at 4:35 p.m. At 4:55 p.m., the executive closed session recessed and EIC returned to open session at 4:55 p.m. No action was taken at executive session.

7. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

None

8. ITEMS FOR FUTURE AGENDAS:

None

9. ANNOUNCEMENTS:

None

10. ADJOURNMENT

Mr. McKinney adjourned the meeting at 4:55 p.m.

APPROVED:

Kent McKinney, Vice President

ATTEST:

Kayla McInturff, Deputy City Secretary

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

FEBRUARY 17, 2020

On Monday, February 17, 2020, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:01 p.m. by Kenneth Early, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Danny Almond offered the invocation.

Members Present:

Kenneth Early, President
Danny Almond
Don Barnett
Maggie Megee
Gregory Richards
Aaron Yates

Members Absent:

Kent McKinney, Vice President

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Amy Dozier, Finance Director
Kayla McInturff, Deputy City Secretary

1. VISITORS/CITIZENS FORUM:

No visitors/citizens.

2. MONTHLY REPORTS:

2A. Monthly financials for January 2020.

Amy Dozier presented monthly financials for January 2020.

2B. Projects update:

Mr. Hoppe made the following reports:

River Trail Extension to Schreiner University: On track, weather permitting, to finish in May timeframe. Schreiner has started working on their site and work on the trailhead has begun.

Tennis Center Improvements: Some weather delays in the last month. End of March projected opening for scheduled tournaments.

Legion Lift Station: Close to completion, waiting on the last few pieces of equipment.

Olympic Drive Infrastructure Extension: Contract has been let and mobilization has begun at Middle School site.

Aerial Pipe Bridge: Wrapping up the forensic engineering analysis. May/June anticipated time frame to hear about approval of additional grant fund application with Texas Water Development Funds.

Hobby Lobby: Successful opening in January.

Aquatics Feasibility Study: Final stages of wrapping study up and will present to the Parks Advisory Board and other stakeholders in March timeframe.

Thompson/ Spur 98 Infrastructure Extension: Wrapping up off-site improvements.

Arcadia Theater: Construction has started by Arcadia Live non-profit and is progressing. Timeframe for opening is anticipated July 2020.

KERV Airport Improvements: Progress on horseshoe building incentivized by EIC, and Airport is making progress on other improvements (box hangers) funded by City and TxDOT.

Downtown Streetscape and Parking Garage: Received bids. Staff is evaluating.

2C. Monthly update from Kerr Economic Development Corporation.

Gil Salinas presented. Theresa Metcalf presented and discussed KEDC hosting of small business series event on March 26th.

3. CONSIDERATION AND POSSIBLE ACTION:

3A. EIC funding request for improvements to the Doyle School Community Center located at the intersection of Paschal Avenue and W. Barnett Street.

EA Hoppe introduced application and Kay Tally-Foos presented request.

4. EXECUTIVE SESSION:

Magee McGee moved for EIC to go into executive closed session to discuss subject matters under Section 551.087 (deliberation regarding economic development negotiations), and Section 551.072, of Chapter 551 of the Texas Government Code. Don Barnett seconded, and the motion passed 6-0.

4A. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act; discussion regarding commercial or financial information received from a business prospect(s), and/or to deliberate the offer of a financial or other incentive to a business prospect(s). (Section 551.087, TX Government Code) At 4:52 p.m. the regular meeting recessed. EIC went to executive closed session at 4:52 p.m. At 5:01 p.m., the executive closed session recessed and EIC returned to

open session at 5:01 p.m. Motion was made regarding one item and EIC returned to Executive Session and returned again at 5:39 p.m. No action was taken at executive session.

5. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Don Barnett made a motion to initiate the drafting of a funding agreement/economic development grant agreement with the Doyle School Community Center per their funding request, and to set a Public Hearing for the Agreement on March 16th, 2020, Danny Almond seconded and motion passed 6-0.

6. ITEMS FOR FUTURE AGENDAS:

None

7. ANNOUNCEMENTS:

None

8. ADJOURNMENT

Mr. Early adjourned the meeting at 5: 40 p.m.

APPROVED:

Kenneth Early, President

ATTEST:

Kayla McInturff, Deputy City Secretary



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

SUBJECT: Monthly Financial Report

AGENDA DATE OF: 3/16/2020

DATE SUBMITTED: 3/12/2020

SUBMITTED BY: Amy Dozier, CFO

EXHIBITS: February 2020 Financial Presentation

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

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

SUMMARY STATEMENT:

EIC received sales tax of \$394K in February 2020. This payment represents tax collected on sales in December and is the largest sales tax payment ever received by the City. On a year to date basis, sales tax is up 5.07% compared to the prior year and 1.22% better than budget.

A global economic downturn has the potential to significantly impact sales tax revenue quickly. At this point, I have not adjusted the cash flow forecast to show a significant downturn in sales tax revenue. We should know more by next month, but it is possible that Kerrville could see a slight increase in May's sales tax revenue (March's sales) as a result of citizens preparing for potential home confinement. This could be followed by a downturn starting in June (April's sales).

It is helpful to look at Kerrville's most recent sales tax decline for perspective. In FY2010, sales tax declined 7.9% due to the Great Recession. If sales tax were to decline 10% this year, that would amount to an approximately \$370K . Sales tax revenue for the year would still total \$3.3M.

On the expense side, EIC made regular monthly payments for administrative and debt service commitments in addition to two project payments. After verifying compliance with all terms of their EIC agreement by examining financial statements, bank information, pledge documentation from donors, a construction contract, construction plans, City permits, an executed note and filed deed of trust, \$600,000 in project funding was released to Arcadia. EIC also paid \$5,622 related to the Airport's first horseshoe building improvement project expenditures.

Following this activity, EIC ended February with a cash balance of \$1,607,425. A payment to Thompson Drive Partners as well as additional Airport funding originally scheduled for this quarter have been pushed to the next quarter. This creates a low balance of \$1.8M at the end of March, which is higher than the \$1.3M previously forecast. In addition, the forecast has been extended until March 2021. Please note that the FY2021 portion is just a forecast. It does not represent an approved FY2021 budget. The budget process will occur in early summer and will likely change this forecast. For the purposes of the forecast, FY2021 sales tax is expected to increase 2% and interest revenue is forecast at a rate of 1.25%.

EIC's funds are invested in TexPool, a completely liquid municipal pool account that is currently earning 1.49%.

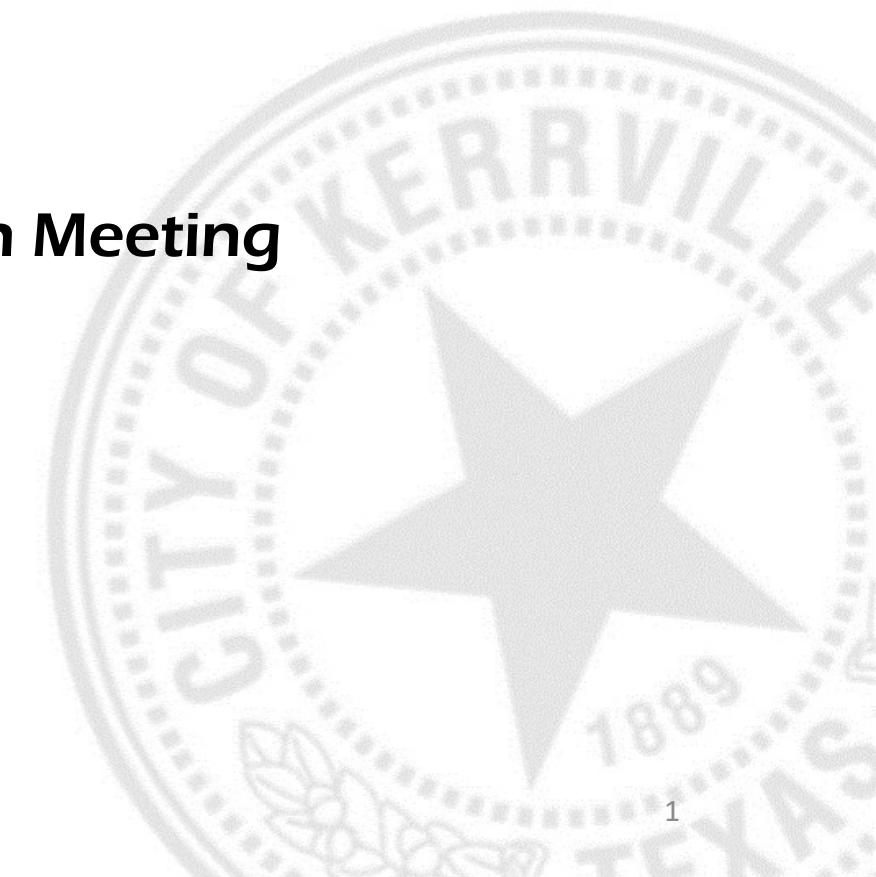
RECOMMENDED ACTION:

Information only; no action required.



Financial update for the month ended February 29, 2020

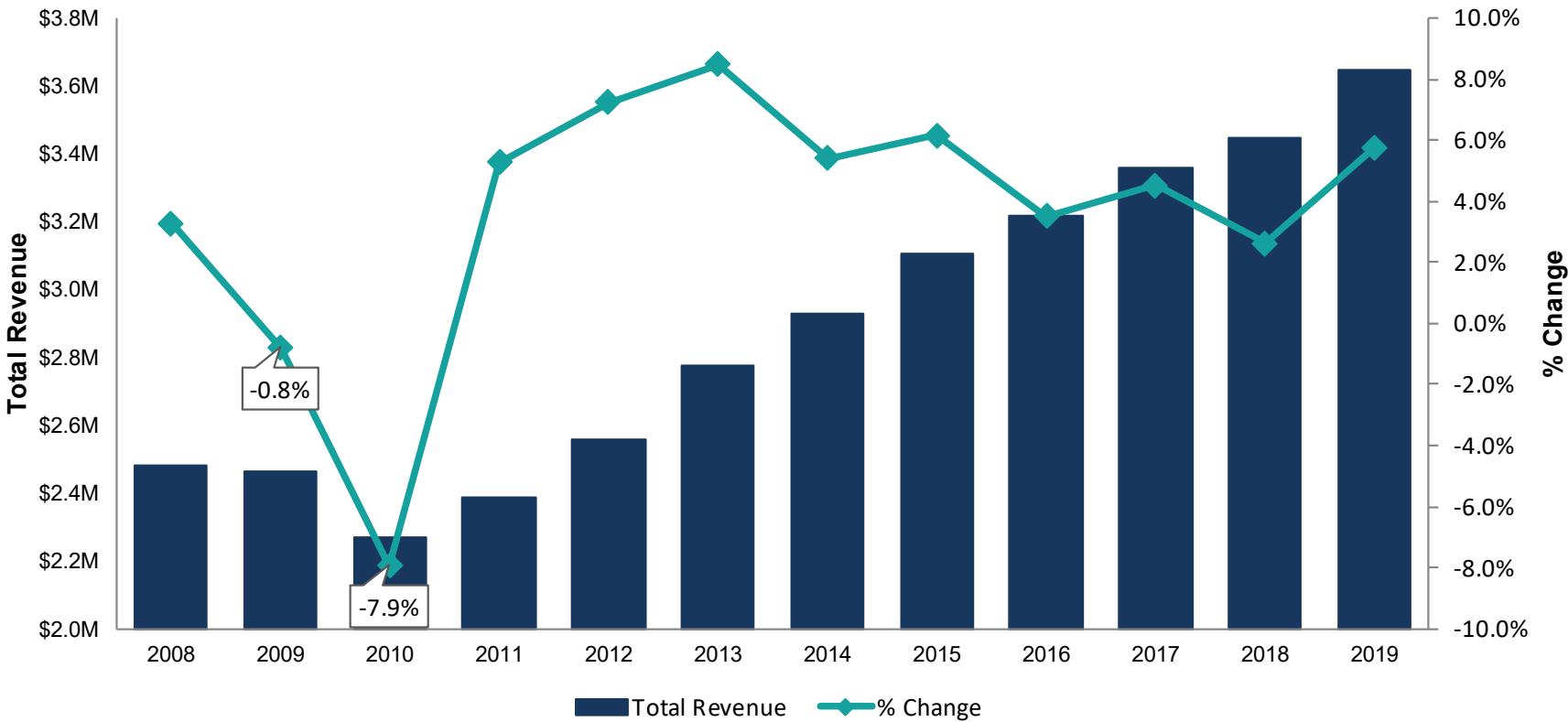
**Economic Improvement Corporation Meeting
March 16, 2020**



ECONOMIC IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
MONTH ENDED FEBRUARY 29, 2020

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Remaining Budget
REVENUES					
Sales and Use Tax	\$ 3,689,250	\$ 393,938	\$ 1,580,276	42.8%	\$ (2,108,974)
Interest Income	33,750	2,753	21,919	64.9%	(11,831)
TOTAL REVENUES	3,723,000	396,691	1,602,196	43.0%	(2,120,804)
EXPENDITURES					
Administrative					
Office Supplies	500	-	60	12.0%	440
Administrative Services Fee	185,000	15,417	77,083	41.7%	107,917
Kerr Economic Development Corp.	250,000	-	125,000	50.0%	125,000
Total Administrative	435,500	15,417	202,143	46.4%	233,357
Debt Service					
Debt Service - Series 2011A/2019 Ref (River Trai	258,506	20,998	106,935	41.4%	151,571
Debt Service - Series 2012 (River Trail)	250,330	20,969	104,846	41.9%	145,484
Debt Service - Series 2015 (KSC)	603,350	50,488	252,438	41.8%	350,913
Total Debt Service	1,112,186	92,455	464,218	41.7%	647,968
Projects					
Legion Lift Station	1,000,000	-	1,000,000	100.0%	-
Schreiner - River Trail	750,000	-	750,000	100.0%	-
Olympic Drive	935,000	-	894,000	95.6%	41,000
Thompson Drive Partners (The Landing)	566,667	-	-	0.0%	566,667
KFOR - Arcadia	600,000	600,000	600,000	100.0%	-
Airport Projects	-	5,622	5,622		(5,622)
Total Projects	3,851,667	605,622	3,249,622	84.4%	602,045
TOTAL EXPENDITURES	5,399,353	713,493	3,915,983	72.5%	1,483,370
CHANGE IN NET POSITION	<u>\$(1,676,353)</u>	<u>\$ (316,802)</u>	<u>\$ (2,313,788)</u>		

EIC Sales Tax Revenue



- Sales tax decline related to the Great Recession was 7.9%
- A 10% decline in sales tax revenue is approximately \$370K for the year and would still mean \$3.3M in annual sales tax revenue for EIC

ECONOMIC IMPROVEMENT CORPORATION
CASH FLOW FORECAST
AS OF FEBRUARY 29, 2020

	FY2020 Actual	FY2020 Projected			FY2021 Projected		
		Oct 2019 to Feb 2020	Apr 2020 to Mar 2020	Jul 2020 to Jun 2020	Sep 2020	Oct 2020 to Dec 2020	Jan 2021 to Mar 2021
		\$3,921,213	\$1,607,425	\$1,769,657	\$1,868,669	\$2,049,301	\$2,581,211
Beginning Cash Balance							
Revenue	1,602,196	270,103	914,782	952,025	917,490	979,643	
Expenditures							
Administrative							
Administrative Fee & Supplies	77,143	15,417	46,250	46,250	47,500	47,500	
KEDC	125,000	-	62,500	62,500	62,500	62,500	
Total Administrative	202,143	15,417	108,750	108,750	110,000	110,000	
Debt Service	464,218	92,455	279,309	279,310	275,581	275,581	
Projects							
Legion Lift Station	1,000,000	-	-	-	-	-	
Thompson Drive Partners	-	-	283,333	283,333	-	-	
Schreiner River Trail	750,000	-	-	-	-	-	
Olympic Drive	894,000	-	-	-	-	-	
KFOR - Arcadia	600,000	-	-	-	-	-	
Airport	5,622	-	144,378	100,000	-	125,000	
Total Projects	3,249,622	-	427,711	383,333	-	125,000	
Total Expenditures	3,915,983	107,872	815,770	771,393	385,581	510,581	
Ending Cash Balance		\$1,607,425	\$1,769,657	\$1,868,669	\$2,049,301	\$2,581,211	\$3,050,273

Financial Analysis

Project Analysis as of February 29, 2020			
Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Committed Projects:			
Thompson Drive Partners	\$ 850,000	\$ 283,333	\$ 566,667
KFOR - Arcadia	600,000	600,000	-
Airport Projects	375,000	5,622	369,378
Committed Project Total	\$ 1,825,000	\$ 888,955	\$ 936,045

Cash Analysis as of February 29, 2020		
by Type - Placement - Amount		
Type	Placement	Amount
Short Term Investment	EIC TexPool	\$ 1,607,425
	Total Cash and Investments	\$ 1,607,425

Sales Tax Revenue Analysis - FY2020						
Month	Actual FY2018	Actual FY2019	Budget FY2020	Actual FY2020	FY2018 vs. FY2019	Budget vs. Actual
October	\$ 277,430	\$ 284,752	\$ 294,123	\$ 294,752	3.51%	0.21%
November	278,698	276,717	302,630	301,001	8.78%	-0.54%
December	252,047	295,154	284,841	297,620	0.84%	4.49%
January	273,590	271,314	293,053	292,966	7.98%	-0.03%
February	354,753	376,154	386,639	393,938	4.73%	1.89%
March	242,127	266,024	267,403			
April	241,702	284,581	270,614			
May	324,560	299,073	337,884			
June	286,255	304,930	302,222			
July	306,165	315,626	300,675			
August	323,628	332,420	346,545			
September	288,215	341,470	302,620			
YTD Total	\$ 3,449,171	\$ 3,648,217	\$ 3,689,250	\$ 1,580,276	5.07%	1.22%

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

SUBJECT: Economic Development Grant Agreement between the Doyle School Community Center and the City of Kerrville, Texas Economic Improvement Corporation, and the City of Kerrville, Texas in an amount not to exceed \$500,000 for support of renovations of the Center

AGENDA DATE: March 16, 2020

DATE SUBMITTED: March 13, 2020

SUBMITTED BY: Sherry Mosier
Mgr. Strategic Initiatives

CLEARANCES: E.A. Hoppe
Deputy City Manager

EXHIBITS: Economic Development Grant Agreement

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$500,000	N/A	N/A	N/A

PAYMENT TO BE MADE TO: Doyle School Community Center, Inc.

SUMMARY STATEMENT

The Doyle School Community Center, Inc. has developed a plan to renovate their facility located at the intersection of Paschal Avenue and Barnett Street. This renovation strategy will create a more secure, efficient, and functional building in which to provide services, particularly those contemplated via the recent national grant for deploying the *Build Health* program.

The Doyle School Community Center and its newly contemplated programming raises the level of healthcare in the neighborhood, provides a means to get people in the community to services that have traditionally only existed outside the neighborhood, gives access to food provisions for healthy eating, and provides educational programs that fill in educational gaps to enhance employment skills. These enhancements not only meet the criteria of quality of life, but also increases the skills and assets of the local workforce that will support the development of new and expanded business enterprises.

Many citizens of the Doyle Community and the surrounding area lack some basic necessities such as transportation, food, adequate housing, and access to healthcare and educational supports.

- Doyle programs include, but are not limited to:
 - After-school and summer kids club

- Community gatherings such as Blue Santa, Back to School Bash, Back the Blue, National Night Out, etc.
- Senior luncheons
- Adult educational programs such as GED Tutoring, assistance in accessing higher education opportunities, personal budgeting and financial matters (ex. Money Matters)
- Evening family programs such as Schreiner University students presenting bi-lingual story time

Plans include infrastructure remedies and a kitchen renovation as more fully outlined below.

Scope of Work = Renovations for Doyle School Community Center

- Phase One = \$338,456
 - New ceiling and insulation
 - New water lines
 - New HVAC complete
 - Wet-pipe fire sprinkler system
 - New electrical service above ceiling
 - New Kitchen and dining area
- Phase Two = \$497,530
 - Selective interior demolition
 - New Main Entrance
 - Remodel Restrooms
 - New wiring, lighting, electrical throughout
 - New flooring finishes and paint
 - New grease trap

Funding for architecture services and portable buildings will also be needed for the duration of the renovation. As such, the Doyle School Community Center Inc. increased their EIC request from \$400,000 at the February meeting to \$500,000 to cover these additional costs.

Additional Grant Funds Secured and Pending are as follows:

- \$250,000 BUILD Health Initiative Grant (funding over 2-1/2 years to promote transportation, health services, and food provisions) will fund The Hope for Health Project. Seven collaborative partners include New Hope Counseling, Peterson Regional Medical Center (PRMC), Texas Department of Health Services Public Health Region 8, Light on the HILL at Mount Wesley, the City of Kerrville, and Community Foundation of the Texas Hill Country
- \$200,000 Grant from Perry and Ruby Stevens Charitable Foundation
- \$200,000 Pending Grant Under Review from Hal and Charlie Peterson Foundation

- Donated Time and Expertise from Peter Lewis of *Peter W. Lewis Architect + Associates* and Carson Conklin of JMLowe builders

Other collaborative partners include Schreiner University, Mustard Seed Ministries, Glory Community Garden, First United Methodist Church, St. Peter's Methodist Church, Raphael Community Free Clinic funded by Methodist Healthcare Ministries of South Texas, KerrKonnect, KStar, KPUB Fiber, etc. have ensured continuous service.

- Programming Enhancements as a Result of Proposed Renovations:
 - Education
 - Support for elementary children to ensure school success
 - Fill in gaps for those working toward jobs (job readiness, GED, ESL)
 - Purposeful programs for teens to gain thriving behaviors
 - Health
 - Navigation to medical homes
 - Screening and education regarding chronic illness and conditions
 - Wellness programs to promote good health
 - Senior Services
 - Food Bank and Farmers Market specifically for seniors
 - Transportation
 - Community events to create social interactions
 - Food Equality
 - Nutritional food procurement and cooking
 - Food bank programs for families
 - Summer free lunch program for children
- Jobs Retained/Created as a Result of Proposed Renovations and Programming:
 - Part-Time Facility Manager
 - Two Part-Time Kids Club Coordinators
 - Part-Time Custodian
 - Project Manager
 - Health Navigator
 - Therapist
 - Community Health Worker
 - Driver
 - Outreach Coordinator

ECONOMIC DEVELOPMENT AGREEMENT SUMMARY

Applicant will:

- Provide quarterly reports to EIC on work progress for each phase, inclusive of a timeline for completion of improvements, to justify payment (i.e. Performance for Payment).

- Recognize that this funding request is to assist with improvements identified in Phases One and Two only (interior facility improvements) and that other funding will be sought to secure full funding for Phases One and Two.

City will:

- Provide \$500,000 in total EIC funding on a reimbursement basis.

RECOMMENDED ACTION

Conduct Public Hearing and provide direction on approval of Economic Development Grant Agreement.

D R A F T 3/13/20

ECONOMIC DEVELOPMENT GRANT AGREEMENT BETWEEN THE DOYLE SCHOOL COMMUNITY CENTER, INC. AND THE CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION

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

WITNESSETH:

WHEREAS, pursuant to the Act, EIC is authorized to provide funding relating to the development and provision of projects which EIC finds to be encompassed within the definition of “Projects”, as that word is defined by Chapters 501 and 505 of the Act; and

WHEREAS, the EIC was formed to administer sales and use tax approved by the citizens of Kerrville, Texas, in May 1995 and collected for projects including:

Expenditures for job training required or suitable for the promotion of development and expansion of business enterprises and other enterprises described by state law, as provided by Section 501.102 of the Act; and land, buildings, equipment, facilities, improvements, and expenditures found by the EIC to be required or suitable for use for a career center, as provided by Section 501.105 of the Act; and

WHEREAS, Doyle owns and operates a Community Center, as defined below, that was previously built and used as a school to serve African American children who lived nearby; and

WHEREAS, Doyle’s stated mission is to provide education, hope, and community to the Doyle neighborhood located within Kerrville, by providing a focus and location for the delivery of educational activities, community organizations, and services to children, adults, and senior citizens of Kerrville; and

WHEREAS, Doyle's *Strategic Plan* (the "Plan"), which is still a draft developed by Doyle's board, provides that the Doyle neighborhood service area is home to many citizens who work hard to provide a healthy lifestyle, education, and food for their families; however, barriers exist such as unreliable transportation, incomplete education and training, and absence of a medical home that provides consistent wellness services and medical help for chronic illnesses, and seasonal or temporary illness; these barriers lead to hopelessness and joblessness that continues the cycle of multigenerational poverty; and

WHEREAS, Doyle, as a means of addressing issues within its neighborhood and service area, has actively sought both financial support from foundations as well as entering into partnerships with other entities such as Schreiner University and the City of Kerrville; and

WHEREAS, Doyle was recently awarded a grant as part of a Health Collaborative in Kerrville as a means of bringing services to the Doyle neighborhood to help solve food scarcity, transportation inequities, and health care inequities that exist in this neighborhood; and

WHEREAS, Doyle, as part of identified tasks within its Plan, seeks to continue developing and offering various programs geared toward providing individuals with training for vocations; and

WHEREAS, Doyle and its programming raises the level of healthcare, provides a means of getting people to services that exist outside the neighborhood, gives access to food provisions for healthy eating, and provides educational programs that fill in gaps to make for better and more productive employees, which not only meets the criteria of quality of life but also raises up the skills and assets of the local workforce that can support the development of new or expanded business enterprises; and

WHEREAS, as part of its vocational training, Doyle has developed plans to design, renovate, and then staff a career center within its facility; and

WHEREAS, EIC, after finding that providing a grant to fund the development of a career center functioning as part of the Community Center, such renovations to include new water lines, HVAC system, and safety systems, is required or suitable for use for a career center to be used for job training required or suitable for the development and expansion of business and other enterprises, has determined that such a grant complies with the Act and is in keeping with the mission of EIC and *City of Kerrville Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures*; and

WHEREAS, EIC finds that it will be in the public interest to enter into this Agreement with Doyle to provide a grant of 4B Revenues, as defined below, to Doyle for a portion of its costs necessary for the construction of the Project; and

WHEREAS, on March 16, 2020, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, EIC held a public hearing pursuant to Section 505.159 of the Act related to the proposed expenditure of 4B Revenues for the purposes provided above;

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

Article I **Definitions**

For purposes of this Agreement, each of the following terms has the meaning set forth herein unless the context clearly indicates otherwise:

“4B Sales Tax” means the one-half of one percent (0.5%) sales and use tax imposed pursuant to the Act and collected by City for the benefit of EIC.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person.

“Bankruptcy or Insolvency” means the dissolution or termination of a Party’s existence as a going business, insolvency, appointment of receiver for any part of such Party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Commencement of Project” means that plans have been prepared and all approvals thereof required by applicable governmental authorities, including permits, have been obtained for the construction of the Project.

“Community Center” the property and buildings owned and operated by Doyle and located at 110 W. Barnett Street, Kerrville, Texas 78028.

“Completion of Project” means the date that the certificate of occupancy for all buildings and other improvements comprising the Project have been issued by City and that Doyle is able to occupy the entirety of the Community Center and use the Project for its intended purposes.

“Control,” or any derivation thereof, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, by contract or otherwise.

“Force Majeure” means any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or inaction (unless caused by the intentionally wrongful acts or omissions of the Party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns, or work stoppages.

“Grant” means the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00) paid by EIC to Doyle in installments as provided in this Agreement.

“Person” means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other entity.

“Project” means the specific scope of work provided to the EIC by Doyle for Phases I and II applicable to the Community Center, which is attached as **Exhibit A**.

Article II Term

2.1. Effective Date and Termination. The term of this Agreement (the “Term”) commences on May 1, 2020 (the “Effective Date”), and terminates on the earlier of:

- (a) December 31, 2030;
- (b) when terminated by mutual agreement of the Parties;
- (c) if Commencement of Project does not occur by the date set forth in Section 4.5 and, EIC elects to terminate this Agreement by providing notice to Doyle before Commencement of Project actually occurs;
- (d) if Completion of Project does not occur by the date set forth in Section 4.5 and, EIC elects to terminate this Agreement by providing notice to Doyle before Completion of Project actually occurs;
- (e) when terminated pursuant to Articles VIII or IX; or

(f) at Doyle's sole and absolute discretion, upon Doyle's return of the Grant, or the portion of the Grant it has received, to EIC.

2.2 Rights upon Termination. Upon termination of this Agreement, all rights, duties, and obligations of any kind under this Agreement will automatically expire and terminate and be of no other force and effect except to the extent such obligations expressly survive the termination of this Agreement.

Article III 4B Revenue Grant

3.1 Payment of Grant. Subject to the continued satisfaction of all the terms and conditions of this Agreement by Doyle, EIC agrees to provide Doyle with an amount up to and not to exceed the Grant. EIC shall administer the Grant to Doyle on a reimbursable basis. Prior to its initial payment request, Doyle must provide EIC with (i) evidence that the Doyle board has adopted the Plan in substance largely similar to the Plan attached as **Exhibit B**; (ii) appropriate evidence, in the EIC's sole opinion, that Doyle possesses or controls enough funds, which, when combined with the Grant, is enough to pay for the Project along with an appropriate amount of additional funding, not less than 10% of the overall cost of the Project, to cover any contingencies; (iii) appropriate evidence of the date of Commencement of Work. In addition and prior to any subsequent request for payment, Doyle shall submit written evidence of costs, such as invoices, receipts, and bills of sale for review and approval by EIC, such approval to be at EIC's sole discretion. Following each submission and verification thereof, which may include on-site inspections to confirm the construction, installation, and the progress of the Project, EIC shall then reimburse Doyle for the cost.

3.2 Grant Limitations. Under no circumstances shall the obligations of EIC hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision.

3.3 Current Revenue. EIC will pay the Grant solely from lawfully available funds that have been appropriated by EIC.

3.4 Grant Limited to "Costs". Payments made by EIC to Doyle from 4B Sales Taxes will be limited to the payments of "costs" as defined by the Act and as specified above for the Project.

Article IV Conditions to the Economic Development Grant

4.1 Generally. The obligation of EIC to provide the Grant and the right of Doyle to retain the Grant without an obligation to repay all or any portion of the Grant to EIC shall be conditioned upon continued compliance with, and satisfaction of, each of the terms and conditions of this Agreement by Doyle and specifically, each

of the conditions set forth in this Article IV.

4.2 Good Standing. Doyle shall not have an incurred a breach or default of this Agreement beyond any applicable notice and cure period.

4.3 Regulations Applicable to Project. Doyle shall comply with all applicable regulations of the City, to include its building codes, in its development and construction of the Project.

4.4 Required Use. Commencing on the Completion of Project, and continuing thereafter until December 31, 2030, Doyle shall not use the Community Center for any purpose other than those generally provided for within its *Strategic Plan*. Doyle's use and the operation and occupancy of the Community Center shall not cease for more than six (6) months, except in connection with and to the extent of an event of Force Majeure.

4.5 Commencement and Completion of Project. Subject to events of Force Majeure, Commencement of Project shall commence not later than April 15, 2021. Subject to events of Force Majeure, Completion of Project shall occur not later than April 15, 2022. If Commencement of Project or Completion of Project does not occur prior to the foregoing dates, EIC may terminate its obligation to make any additional payments of the Grant and to seek any additional remedies available under this Agreement or law.

4.6 Records. Doyle shall keep and maintain complete and accurate records relating to its costs of designing and constructing the Project for three (3) years following the termination of this Agreement. EIC and its representatives shall be entitled to inspect Doyle's records related to the Project during the term of this Agreement and for three (3) years thereafter, upon reasonable notice at Doyle's offices at the address identified in Section 10.4, below.

4.7 Reports to EIC. Following the initial payment from EIC to Doyle, Doyle shall make written quarterly reports to EIC on or before the last day of the calendar quarter for the term of this Agreement. Said reports, at a minimum, shall include information on the status of the Project, the estimated completion date of the Project, and an update on the Doyle's provision of job training and other programs.

Article V **Sale of Project, Merger or Consolidation of Doyle**

5.1 Sale of Doyle Assets. A sale of all or any of the assets of Doyle shall not release Doyle from its duties and responsibilities to EIC under the terms of this Agreement and shall not result in the assignment of this Agreement by such acquiring entity without prior written consent from EIC, which will not be unreasonably withheld; provided, that Doyle's proposed successor shall have the financial condition to fully satisfy Doyle's duties and responsibilities hereunder and

agrees to assume Doyle's responsibilities under this Agreement. EIC may, in its sole discretion, reasonably determine whether such proposed successor's financial condition is satisfactory.

5.2 Merger. In the event of any proposed merger or other consolidation of Doyle with any third party not affiliated with Doyle, not later than thirty (30) days prior to any such merger or consolidation, Doyle shall provide EIC with information and assurance reasonably acceptable to EIC regarding: (i) the surviving entity's assumption and satisfaction of the Doyle's obligations hereunder; and (ii) the financial condition of the surviving entity upon such merger or other consolidation to demonstrate that the surviving entity shall have the financial condition to fully satisfy Doyle's duties and responsibilities under this Agreement.

5.3 EIC Rights. Notwithstanding anything in this Agreement to the contrary, it is expressly understood and agreed that EIC shall have no rights to approve or disapprove any sale or merger transaction of any kind involving Doyle. In the event of any sale or merger involving Doyle or its affiliates, the surviving entity shall assume Doyle's obligations and rights hereunder and be entitled to any and all benefits to be received pursuant to this Agreement.

Article VI **Doyle's Representations and Warranties**

Doyle represents and warrants as of the date hereof:

(a) Doyle is a Texas nonprofit corporation existing in good standing and authorized to do business in the State of Texas;

(b) Execution of this Agreement has been duly authorized by Doyle's governing body and this Agreement is not in contravention of Doyle's corporate charter, or any agreement or instrument to which Doyle is a party or by which it may be bound as of the date hereof;

(c) No litigation or governmental proceeding is pending, or, to the knowledge of Doyle, threatened against or affecting Doyle, which may result in a material adverse change in Doyle's business, properties, or operations sufficient to jeopardize Doyle's legal existence or for-profit viability;

(d) No written application, written statement, or correspondence submitted by Doyle to EIC in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of Doyle, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading; and

(e) Except as expressly set forth in this Article VI, Doyle makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

Article VII **EIC'S Representations and Warranties**

EIC represents and warrants as of the date hereof:

(a) EIC, to the best of the knowledge of its Board of Directors, is legally authorized to enter into this Agreement by virtue of the statute under which it is governed and by the authorities and powers vested in it as a corporation duly and properly organized under the Act;

(b) Execution of this Agreement has been duly authorized by EIC;

(c) No litigation or governmental proceeding is pending, or, to the knowledge of any of EIC's officers, threatened against or affecting EIC, which may result in EIC's inability to meet its obligations under this Agreement;

(d) EIC has no reasonable basis for believing that it has or will have incurred debts beyond its ability to pay as such debts mature, including but not limited to the obligations set forth in this Agreement; and

(e) Except as expressly set forth in this Article VII, EIC makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

Article VIII **Conditions under which EIC May Suspend Performance of Its Obligations Under This Agreement**

EIC may, at its sole option and after thirty (30) days written notice to Doyle, suspend EIC's performance under this Agreement until Doyle has cured the condition(s) and so notified EIC in writing that the condition(s) have been cured:

(a) Doyle becomes insolvent;

(b) The appointment of a receiver of Doyle, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter;

(c) The adjudication of Doyle as bankrupt; or

(d) The filing by Doyle of a petition to be adjudged as bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.

Should any of the foregoing conditions not be cured by Doyle within ninety (90) days after the onset of the condition, Doyle will be considered to have breached this Agreement and EIC may, at its option, with written notice to Doyle, terminate this Agreement and Doyle shall be obligated to refund the Grant, or the portion of the Grant it has received to date, to EIC.

Article IX Remedies

9.1 Notice and Opportunity to Cure. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement by any Party, or any successor to such Party, such defaulting or breaching Party (or successor) shall upon written notice from the other, proceed immediately to cure or remedy such default or breach; and, in any event, within sixty (60) days after receipt of such notice. In the event that remedial action is not taken or not diligently pursued and the default or breach shall not be cured or remedied within a reasonable time (but in no event later than ninety (90) days from the date of notification of such breach), the aggrieved Party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including but not limited to, seeking specific performance and/or injunctive relief, enforcement by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the project in accordance with this Agreement, as required by the Act. This provision and specifically the notice and time to cure shall not apply to the obligations of Doyle found within Article IV.

9.2 Termination. Upon breach of this Agreement by either Party and the failure to cure as permitted by Section 9.1, the non-breaching Party shall have the sole right and discretion to either terminate this Agreement and/or pursue any and all remedies which may be provided by law and this Agreement. Each Party acknowledges and agrees that no Party hereunder shall be entitled to recover any amounts in excess of the Grant contracted for under this Agreement.

9.3 Delay Not Waiver. Any delay by a Party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not, so long as the breach or default by the other Party shall be continuing, operate as a waiver of such rights or to deprive it of or limit such rights in any way; nor shall any waiver in fact be made by a Party with respect to any specific default by the other Party except to the extent specifically waived in writing.

Article X General Provisions

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

10.2 Amendment. This Agreement may be amended only by written amendment signed by both Parties.

10.3 Venue. All payments made pursuant to this Agreement and other obligations performed under this Agreement shall be made or performed in Kerrville, Kerr County, Texas. Venue shall lie in a state court of competent jurisdiction in Kerr County, Texas; and this Agreement shall be governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.

10.4 Notices. All notices given with respect to this Agreement shall be in writing and shall be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice; (ii) if personally delivered, on the actual date of delivery; (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing; or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For Doyle

Kay Tally-Foos, Executive Director
Doyle School Community Center, Inc.
110 W. Barnett Street
Kerrville, Texas 78028

For EIC

President

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

10.5 Approval. Where review and approval of the EIC is contemplated by this Agreement, such review and approval may be conducted and provided by City staff pursuant to the City of Kerrville's administrative services agreement with the EIC.

10.6 Assignment. This Agreement is binding upon the Parties and their successors and assigns. Except as set forth in Article V, this Agreement may not be assigned by either Party without the specific prior written consent of the other, which consent will not be unreasonably withheld. In the event that a Party consents to any valid assignment of this Agreement by the other Party, the assigning Party shall be relieved of any and all obligations and liabilities on the part of such assigning Party under this Agreement. Doyle may, without written consent of EIC, assign this Agreement to any entity controlled and 100% owned by Doyle or by the parent, subsidiary, or affiliate of Doyle provided the entity assumes all of Doyle's obligations and liabilities under this Agreement; agrees to comply with all provisions of this Agreement; has the legal, managerial, technical, and financial ability to properly perform and discharge such obligations and liabilities; such abilities are each at least as great as those of Doyle; and Doyle provides a written guarantee of such assignee's performance in a form reasonably acceptable to EIC. EIC shall be advised in writing of such assignment and of the entity's qualifications at least sixty (60) days before such assignment occurs.

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

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

10.9 No Joint Venture. Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties.

10.10 Survival of Terms. All rights, duties, liabilities, and obligations accrued prior to termination shall survive termination.

10.11 Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof.

10.12 Recitals. The recitals to this Agreement are incorporated herein.

10.13 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

10.14 Employment of Undocumented Workers. During the term of this Agreement, Doyle agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a (f), Doyle shall repay the Grants and any other funds received by Doyle from EIC as of the date of such violation within one hundred twenty (120) days after the date Doyle is notified by EIC of such violation, plus interest at the rate of four percent (4%) compounded annually from the date of violation until paid. Doyle is not liable for a violation of this section in relation to any workers employed by a subsidiary, Affiliate, contractor, subcontractor, or franchisee of Doyle or any other Person other than Doyle.

SIGNED AND AGREED on this _____ day of _____, 2020.

DOYLE SCHOOL COMMUNITY CENTER, INC.

BY: _____
Kay Tally-Foos, Executive Director

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION

BY: _____
Kenneth Early, President

ATTEST:

BY: _____
Kayla McInturff, Recording Secretary

APPROVED AS TO FORM:

BY: _____
Michael C. Hayes, Attorney for EIC