

## **AGENDA FOR THE KERRVILLE CITY COUNCIL MEETING**

**TUESDAY, AUGUST 25, 2020, 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.*



Kerrville2050



**CITY COUNCIL AGENDA  
AUGUST 25, 2020, 6:00 PM  
CITY HALL COUNCIL CHAMBERS  
701 MAIN STREET, KERRVILLE, TEXAS**



***Council Meeting Procedures during the Disaster Declaration  
and Citizen/Public Participation Guidelines***

COVID-19 (Coronavirus) provides a unique concern in that gathering members of the public, City Council, and City staff within a physical setting constitutes a public health risk. On March 16, 2020, the Texas Governor suspended certain requirements of the Open Meetings Act to permit open meetings to occur in a fully virtual setting (e.g., telephonic or videoconference meeting). In an effort to avoid and mitigate health risks, and limited occupancy levels in Council Chambers, City Council will convene in a virtual forum and attendance will be limited to only those persons essential to holding the meeting. No member of the public will be admitted into City Hall during this time. **Despite the necessity to restrict public access to Kerrville City Council meetings in the interest of public health during the COVID-19 pandemic, citizens and visitors are welcome to participate in Kerrville City Council meetings in several alternate ways as outlined below.**

**Instructions for callers:**

Dial one of the following toll free numbers: **1-877-853-5247** or **1-888-788-0099**.

If you cannot get through on one number, call the other number.

When your call is answered you will hear "**Welcome to Zoom, enter your Meeting ID followed by pound**". Enter in the Meeting ID below followed by the pound sign (#).

**The Meeting ID is 995 8568 6177#.**

If the moderator has not started the meeting, you will hear "The meeting has not started yet, please hold or call back later." Once you have called into the meeting, your microphone will be placed on mute and your call will be placed in the call queue. At this point, you will hear silence on the phone. Do not hang up. The moderator will unmute your microphone as he/she is going down the list. Once the meeting has started, you will be able to listen to proceedings even if your microphone is muted.

***The Zoom moderator will be accepting calls starting at 5:00 p.m.***

**For Agenda Items 1A, 2A, 2B, 2C, 2D, 2E, 2F, 2G, 4A, 4B, 5A, 5B, 5C, 6A, and 7A** place your call before 5:45 p.m. in order to register with the Zoom moderator and participate. Any calls made after the 5:45 p.m. deadline will not be answered, and microphones will be kept muted. You will be queued to speak. Each speaker is limited to four minutes.

**For Public Hearing Item 3A**, a caller seeking to speak on these items may call at any time prior to the item being introduced at the meeting. (However, all callers are encouraged to call between 5:00 p.m. and 5:45 p.m. to be registered by the moderator.) A caller must use the **"raise your hand"** feature on Zoom in order to be called upon for the Public Hearing. If a caller is using the Zoom app on a computer, tablet, or mobile phone click on **"Participants"** and click on **"Raise Hand"** button. If a caller is using a landline telephone press **\*9**.

**Instructions for written comments:**

Written comments will be accepted for any agenda items, including Public Hearings. You are required to provide your first and last name, address, and identify the item you wish to comment on. All information must be provided in order for your comments to be read into record.

Written comments can be provided two different ways:

- **OPTION 1 by hard copy** – Comments may be dropped off at the City Hall Utility Payments Drop-Box on the north side of City Hall by 5:45 p.m. the evening of the Council meeting.
- **OPTION 2 by email** - Comments can be emailed to **shelley.mcelhannon@kerrvilletx.gov** and must be received by 5:45 p.m. the evening of the Council meeting. In addition, anyone may email Councilmembers via their City email addresses as specified on the City's website.

Citizens may view and hear the City Council meetings on Spectrum Channel 2 or by live-streaming via the City's website ([www.kerrvilletx.gov](http://www.kerrvilletx.gov)). City Council meetings are recorded and the recordings are posted on the City's website.

Thank you for your participation!



**CITY COUNCIL AGENDA  
AUGUST 25, 2020, 6:00 PM  
CITY HALL COUNCIL CHAMBERS  
701 MAIN STREET, KERRVILLE, TEXAS**



**CALL TO ORDER:**

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

*Led by Mayor Bill Blackburn.*

**1 PRESENTATIONS:**

1.A. Kerrville Kindness award.

Attachments:

[20200825\\_Kerrville Kindness Award\\_8-25 Community Foundation.pdf](#)

**2 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:*



2.A. Annual Kerrville Economic Improvement Corporation budget for Fiscal Year 2021.

Attachments:

[20200825\\_Budget\\_EIC FY2021 Budget.pdf](#)

2.B. Administrative Services Contract between City of Kerrville, Texas and City of Kerrville, Texas Economic Improvement Corporation.

Attachments:

[20200825\\_Contract\\_2020-55 Admin Services with EIC.pdf](#)



2.C. City of Kerrville Funding Agreement with Kerr Economic Development Corporation.

Attachments:

[20200825\\_Contract\\_2020-56 Funding Agreement with Kerr Economic Development Corporation KEDC.pdf](#)

[20200825\\_Contract\\_2020-56 KEDC Exhibit A.pdf](#)

[20200825\\_Contract\\_2020-56 KEDC Exhibit B Flow Chart.pdf](#)

[20200825\\_Contract\\_2020-56 KEDC Exhibit C - KEDC Metrics.pdf](#)

[20200825\\_Contract\\_2020-56 KEDC Exhibit D - KEDC Budget FY 2021.pdf](#)

2.D. Amendment to the City of Kerrville Certificate of Convenience and Necessity for Water Service (CCN) pursuant to application from Solar Village Homeowners Association (100 Stacey Lane, Kerr County).

Attachments:

[20200825\\_Document\\_Solar\\_Village\\_CCN\\_request.pdf](#)

2.E. Minutes for the City Council workshop held August 11, 2020.

Attachments:

[20200825\\_Minutes\\_Council workshop 8-11-20 4pm.pdf](#)

2.F. Minutes for the City Council meeting held August 11, 2020.

Attachments:

[20200825\\_Minutes\\_Countil meeting 8-11-2020 6pm.pdf](#)

2.G. Minutes for the City Council workshop held August 18, 2020.

Attachments:

[20200825\\_Minutes\\_Council workshop 8-18-20 10am.pdf](#)

**END OF CONSENT AGENDA**

**3 PUBLIC HEARING AND ORDINANCES, FIRST READING:**

3.A. Ordinance No. 2020-16. An Ordinance adopting the annual budget for the City of Kerrville, Texas, Fiscal Year 2021; providing appropriations for each City department and fund; containing a cumulative clause; and containing a savings and severability clause.

Attachments:

[20200825\\_Ordinance\\_2020-16 adopting Citys annual budget FY2021.pdf](#)

[20200825\\_Public Hearing\\_FY2021 Budget.pdf](#)

**4 ORDINANCES, FIRST READING:**

4.A. Ordinance No. 2020-15. An ordinance authorizing the issuance of up to \$13,685,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, series 2020; authorizing the approval and execution of all agreements and other instruments and procedures related thereto; delegating authority to certain city officials to select outstanding obligations to be refunded and approve all final terms of the bonds; approving an official statement; and calling certain obligations for redemption.

Attachments:

[20200825\\_Ordinance\\_2020-15 Refunding\\_Ordinance.pdf](#)

[20200825\\_Ordinance\\_Refunding Presentation.pdf](#)

4.B. Ordinance No. 2020-17. An Ordinance levying an ad valorem tax for the use and the support of the Municipal Government for the City of Kerrville, Texas, for Fiscal Year 2021; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

Attachments:

[20200825\\_Ordinance\\_2020-17 Tax Rate 2020.pdf](#)

**5 CONSIDERATION AND POSSIBLE ACTION:**

5.A. Purchase replacement generator for the Kerrville Police Department in the amount of \$60,893.00.

Attachments:

[20200825\\_Quote\\_Waukesha-Pearce KPD 80KW\\_Generator\\_Replacement.pdf](#)

[20200825\\_Quote\\_Buy Board - KPD generator.pdf](#)

[20200825\\_Vendor Form\\_Waukesha for Buyboard KPD generator.pdf](#)

5.B. Briefing and possible action as to the City's ongoing preparedness and response to COVID-19 (Coronavirus).

5.C. Declaration of local state of disaster due to a public health emergency, March 20, 2020.

Attachments:

[20200825\\_Resolution\\_16-2020 Extending Mayor's Disaster Declaration Covid-19 7-28-20.pdf](#)

**6 INFORMATION & DISCUSSION:**

6.A. Financial update for the month ended July 31, 2020.

Attachments:

[20200825\\_Presentation\\_July 2020 Financial Update.pdf](#)

**7 BOARD APPOINTMENTS:**

7.A. Appointment to the Main Street Advisory Board.

Attachments:

[20200825\\_Board\\_Main Street Advisory Board.pdf](#)

**8 EXECUTIVE SESSION:**

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

**9 ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY:**

**ADJOURN.**



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

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**SUBJECT:** Kerrville Kindness award.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Jul 20, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Kerrville Kindness Award\\_8-25 Community Foundation.pdf](#)

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

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**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

A citizen or company who has impacted the City of Kerrville in a positive way.

Recipient: The Community Foundation of the Texas Hill Country.

The Community Foundation of the Texas Hill Country, a public charitable foundation created by and for residents of the Texas Hill Country, has been instrumental in the facilitation and distribution of funds created to address the needs of area individuals during the Covid-19 pandemic. The Foundation oversees the Kerrville Utility Kindness fund, the Hill Country Strong fund and the Kerrville Food Relief fund, all of which have directly eased some of the suffering caused locally by the worldwide virus.

**RECOMMENDED ACTION:**

Announce recipient.



# CITY OF KERRVILLE

recognizes

## THE COMMUNITY FOUNDATION OF THE TEXAS HILL COUNTRY

with the August 25, 2020

### ***KERRVILLE KINDNESS AWARD***

The Community Foundation of the Texas Hill Country, a public charitable foundation created by and for residents of the Texas Hill Country, has been instrumental in the facilitation and distribution of funds created to address the needs of area individuals during the COVID-19 pandemic. The Foundation oversees the Kerrville Utility Kindness fund, the Hill Country Strong fund and the Kerrville Food Relief fund, all of which have directly eased some of the suffering caused locally by the worldwide virus.

Mayor Bill Blackburn

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Councilmember Gary Cochrane

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Councilmember Kim Clarkson

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Councilmember Judy Eychner

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Councilmember Delayne Sigerman

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

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**SUBJECT:** Annual Kerrville Economic Improvement Corporation budget for Fiscal Year 2021.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 18, 2020

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20200825\\_Budget\\_EIC FY2021 Budget.pdf](#)

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

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	Yes
<b>Key Priority Area</b>	E - Economic Development
<b>Guiding Principle</b>	E1. Support a more holistic approach to economic development, housing and quality of life for people of all economic strata

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**Action Item**

**SUMMARY STATEMENT:**

As discussed in the City Council Budget Workshop held on August 18, 2020, Kerrville's EIC is budgeting revenues of \$3.5 million and expenditures of \$2.5 million. Sales tax is budgeted in line with the General Fund and represents a 6% decrease from the FY2020 budget. Expenditures include:

1. \$197,500 for the Kerrville Economic Development Corporation
2. \$185,000 for administrative services provided by the City of Kerrville
3. \$1,102,324 for debt service on River Trail and Sports Complex related debt
4. \$283,333 for the Thompson Drive Partners funding agreement
5. \$225,000 for the Airport funding agreement
6. \$450,000 for the Doyle School funding agreement

7. \$50,000 for a Downtown River Trail feasibility study
8. \$20,000 for interest on a KPUB loan related to the Skymaster project

EIC approved the attached budget on August 17, 2020. The budget has changed slightly since the budget presented on p. 230 of the Proposed Budget Book due to the announcement of the Skymaster project on August 13, 2020.

The proposed budget is attached.

**RECOMMENDED ACTION:**

Approve the Kerrville Economic Improvement Corporation's budget for Fiscal Year 2021.

**City of Kerrville  
Economic Improvement Corporation  
FY2021 Budget**

	<b>FY21</b>				
	<b>FY20 Estimated</b>	<b>Proposed Budget</b>	<b>FY22 Projected</b>	<b>FY23 Projected</b>	<b>FY24 Projected</b>
<b>Beginning Cash Balance</b>	\$3,921,213	\$1,693,958	\$2,690,608	\$4,748,922	\$6,906,803
<b>Revenue</b>					
Sales Tax	3,749,025	3,511,307	3,581,533	3,653,163	3,726,227
Interest and Miscellaneous	33,624	9,000	12,680	37,489	59,068
Loan Proceeds	1,000,000	-	-	-	-
<b>Total Revenue</b>	<b>4,782,649</b>	<b>3,520,307</b>	<b>3,594,212</b>	<b>3,690,652</b>	<b>3,785,295</b>
<b>Expenditures</b>					
Administrative					
Supplies and Miscellaneous	60	500	500	500	500
Professional Services	-	10,000	10,000	10,000	10,000
KEDC	220,000	197,500	200,000	200,000	200,000
Administrative Services Fee	185,000	185,000	195,000	200,000	205,000
Total Administrative	405,060	393,000	405,500	410,500	415,500
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	253,919	251,344	251,019	250,891	251,206
Debt Service - Series 2012 (River Trail)	251,630	247,830	254,030	249,030	249,030
Debt Service - Series 2015 (KSC)	605,850	603,150	605,350	602,350	605,200
Total Debt Service	1,111,399	1,102,324	1,110,399	1,102,271	1,105,436
Project Contributions					
Legion Lift Station	1,000,000	-	-	-	-
Olympic Drive	894,000	-	-	-	-
Thompson Drive Partners	283,333	283,333	-	-	-
Schreiner River Trail	750,000	-	-	-	-
KFOR - Arcadia	600,000	-	-	-	-
Airport Projects	150,000	225,000	-	-	-
Doyle School	50,000	450,000	-	-	-
Downtown Streetscape	(324,275)	-	-	-	-
Downtown River Trail Feasibility Study	-	50,000	-	-	-
Skymaster	2,090,386	20,000	20,000	20,000	1,020,000
Total Project Contributions	5,493,444	1,028,333	20,000	20,000	1,020,000
<b>Total Expenditures</b>	<b>7,009,904</b>	<b>2,523,657</b>	<b>1,535,899</b>	<b>1,532,771</b>	<b>2,540,936</b>
<b>Net Revenue (Expenditures)</b>	<b>(2,227,254)</b>	<b>996,650</b>	<b>2,058,313</b>	<b>2,157,882</b>	<b>1,244,358</b>
<b>Ending Cash Balance</b>	<b>\$1,693,958</b>	<b>\$2,690,608</b>	<b>\$4,748,922</b>	<b>\$6,906,803</b>	<b>\$8,151,162</b>



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



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**SUBJECT:** Administrative Services Contract between City of Kerrville, Texas and City of Kerrville, Texas Economic Improvement Corporation.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 07, 2020

**SUBMITTED BY:** EA Hoppe

**EXHIBITS:** [20200825\\_Contract\\_2020-55 Admin Services with EIC.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
NA	NA	NA	NA

**PAYMENT TO BE MADE TO:** NA

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

**SUMMARY STATEMENT:**

The Fiscal Year 2021 Agreement is identical to the Agreement approved for Fiscal Year 2020. There is no change in funding level or terms.

**RECOMMENDED ACTION:**

Approve the Agreement as drafted.

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

**THIS CONTRACT** is entered into as of the \_\_\_\_ day of August 2020, by and between the City of Kerrville, Texas, (“City”), and the City of Kerrville, Texas Economic Improvement Corporation (“EIC”) for and in consideration of the following promises and conditions:

**ARTICLE I  
SERVICES PROVIDED BY CITY**

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

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

EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis on a form approved by the EIC.

- D. **Administrative Services**: City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.
- E. **Investment Officer**: The City's Chief Financial Officer will serve as the EIC's investment officer in accordance with the EIC's *Investment Policy*, as may be amended.
- F. **Regulatory Financial Reporting**: The City's Chief Financial Officer shall prepare all financial reports required by state and federal regulatory agencies.
- G. **Annual Audit**: The City's Chief Financial Officer shall include the EIC's financial information as part of the City's *Comprehensive Annual Financial Report* (CAFR).
- H. **Project Reports**: The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- I. **Staff Reports**: The City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
  - 1. Complete Application
  - 2. Financial Impact Analysis
    - a. Total payroll
    - b. Payroll multiplier
    - c. Sales and ad valorem tax generation
  - 3. Return on Investment Analysis
    - a. Property tax – City, County, and KISD
    - b. Sales tax – City and County

- c. Payroll multiplier
- d. Timeline by which return is realized

4. Feasibility Analysis

- a. Land – size, zoning, platting, building/fire codes
- b. Building – size, suitability, condition
- c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety

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

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

## ARTICLE II COMPENSATION

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City **\$185,000.00** for the term specified below. It is agreed by the parties that this compensation is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

## ARTICLE III TERM

The term of this Contract commences on October 1, 2020, and ends on September 30, 2021, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

## ARTICLE IV TERMINATION

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

## ARTICLE V GOVERNING LAW

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

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

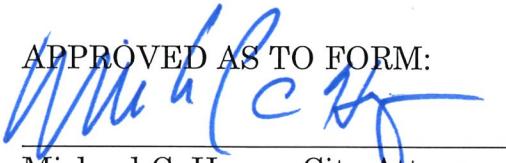
**CITY OF KERRVILLE, TEXAS**

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

Mark L. McDaniel, City Manager

ATTEST:

Shelley McElhannon, City Secretary

APPROVED AS TO FORM:  
  
Michael C. Hayes, City Attorney

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

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

Greg Richards, President

ATTEST:

Kesha Franchina, Secretary of EIC



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

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**SUBJECT:** City of Kerrville Funding Agreement with Kerr Economic Development Corporation.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 19, 2020

**SUBMITTED BY:** EA Hoppe

**EXHIBITS:** [20200825\\_Contract\\_2020-56 Funding Agreement with Kerr Economic Development Corporation KEDC.pdf](#)  
[20200825\\_Contract\\_2020-56 KEDC Exhibit A.pdf](#)  
[20200825\\_Contract\\_2020-56 KEDC Exhibit B Flow Chart.pdf](#)  
[20200825\\_Contract\\_2020-56 KEDC Exhibit C - KEDC Metrics.pdf](#)  
[20200825\\_Contract\\_2020-56 KEDC Exhibit D - KEDC Budget FY 2021.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$37,500	N/A - FY2021 Expense	\$37,500	N/A

**PAYMENT TO BE MADE TO:** Kerr Economic Development Corporation

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<b>Kerrville 2050 Item?</b>	Yes
<b>Key Priority Area</b>	E - Economic Development
<b>Guiding Principle</b>	E4. Balance, broaden and diversify the City's tax base, shifting the tax burden away from residential property owners
<b>Action Item</b>	E4.1 - Target strategic growth opportunities that will bring an increase in fiscal revenues (sales and property taxes and water/sewer fees, etc.)

**SUMMARY STATEMENT:**

The City of Kerrville helps fund the Kerr Economic Development Corporation in addition to several other partner agencies in the community, including Kerr County, the Kerrville Public Utility Board, and the City of Kerrville Economic Improvement Corporation.

No changes are proposed to the FY2020 Funding Agreement, other than the annual amount has been adjusted down to \$37,500, as has been agreed upon by both parties.

**RECOMMENDED ACTION:**

Approve the Agreement.

STATE OF TEXAS § CITY OF KERRVILLE FUNDING  
COUNTY OF KERR § AGREEMENT WITH KERR ECONOMIC  
§ DEVELOPMENT CORPORATION

This Agreement entered this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the **City of Kerrville, Texas** ("CITY"), and the **Kerr Economic Development Corporation** ("KEDC"), a non-profit organization of the State of Texas.

WITNESSETH

WHEREAS, CITY desires to contract with KEDC for an economic development program and it is considered to be in the best interests of both CITY and KEDC for KEDC to provide these economic development services to CITY; and

**WHEREAS**, CITY's intent in entering into this Agreement is to accomplish a public purpose and it believes that it will receive a sufficient return for the funds it contributes;

**NOW, THEREFORE,** CITY and KEDC agree as follows:

## 1. Services.

- a. KEDC shall undertake a proactive economic development role on behalf of businesses identified for targeted markets for CITY as outlined in the *KEDC 2018-22 Business Plan* (the “Business Plan”) dated July 12, 2018, which is attached hereto as **Exhibit A**. In addition, and in fulfilling its obligations under this Agreement, KEDC shall comply with its *2-Year Roadmap and Economic Development Ecosystem* (the “Plan of Work”), which is attached as **Exhibit B**, and associated performance metrics for FY 2020-2021 (“Metrics”), attached as **Exhibit C**. KEDC may not change the Business Plan or Plan of Work without providing prior written notice to CITY.
- b. A copy of KEDC’s estimated operating 2020-21 fiscal year budget for this economic development program, as approved by KEDC’s Board of Directors, is attached hereto as **Exhibit D**. This budget includes all proposed sources of income and amounts as well as expenses.
- c. KEDC, in addition to periodic meetings of its Board of Directors, which includes CITY representation, shall meet with the City Manager and/or designee(s) on a monthly basis on the last Monday of each month, or any other date(s) as mutually agreed to by both parties. At least five (5) days prior to this meeting, KEDC shall provide CITY with an expense and activity report, to include related metrics, actual monthly expenses, and services performed pursuant to the economic development program.

d. KEDC's Executive Director, and/or designee(s), shall attend the "GO TEAM" meetings scheduled by CITY as needed for vetting of projects and incentive requests.

e. KEDC shall also make quarterly presentations to City Council at a meeting regarding its economic development activities. Where appropriate, the Executive Director or designee(s) shall provide written documentation to City Council to support the presentation, such documentation to be provided to the City Manager at least five (5) days prior to the meeting. The regular meetings of City Council occur on the second and fourth Tuesday of each month and placement on the agenda will be subject to City Manager approval. In the event that neither the Executive Director nor another KEDC representative is able to make a presentation within any given quarter, the Executive Director must provide prior, written notice to the City Manager of the basis therefor.

**2. Payment.** In consideration for these economic development services and as a means of contributing for a portion of the costs, CITY agrees to pay KEDC **\$39,500.00** for the term of this Agreement. CITY shall divide this amount into equal quarterly payments (\$9,875.00), each of which it shall pay within ten (10) business days after the beginning of each calendar quarter.

**3. Records.** In order to insure proper financial accountability, CITY reserves the right to require reasonable requirements regarding the segregation and handling of all funds paid by CITY to KEDC under this Agreement and KEDC agrees to abide by all such requirements. At least annually, KEDC shall furnish to the City Manager: a) a financial statement which KEDC shall have prepared according to generally accepted accounting principles and shall, at a minimum, encompass all aspects of the operation and provision of KEDC's services under this Agreement; and b) an audit report prepared by a certified public accountant. CITY may request additional financial information it deems necessary or appropriate to assist CITY in analyzing a request for financial assistance or verifying the accuracy of any payment due KEDC or accuracy of KEDC's financial records or viability as an organization. Any duly authorized agent of CITY shall be entitled to inspect and audit all books and records of KEDC for compliance with the terms of this Agreement.

**4. Independent Contractor/Indemnity.** It is acknowledged, understood, and agreed that KEDC shall be considered an independent contractor or donee for the purposes of this Agreement and shall in no manner incur any expenses or liability on behalf of the CITY. **KEDC FURTHER AGREES TO HOLD CITY HARMLESS FOR ANY AND ALL CLAIMS BY THIRD PARTIES FOR ANY INJURIES, DAMAGES, OR LIABILITY ARISING UNDER OR OCCASIONED BY KEDC IN CONNECTION WITH THIS AGREEMENT, KEDC'S WORK, OR THE SERVICES IT PROVIDES.**

**5. Notice.** Any notice required to be given under the terms of this

Agreement shall be effective if and when given in writing and mailed by certified mail to the addresses listed below:

<b>CITY:</b>	<b>KEDC:</b>
City Manager	President
City of Kerrville, Texas	Kerr Economic Development
City Hall	Corporation
701 Main Street	1700 Sidney Baker, Suite 100
Kerrville, TX 78028	Kerrville, TX 78028
(830) 258-1105	(830) 896-1157

**6. Assignment.** KEDC may not assign this Agreement without the prior written consent of CITY.

**7. Termination.** Notwithstanding the agreed upon term, this Agreement may be terminated upon the occurrence of any of the following, in which case KEDC shall immediately, but in no case longer than thirty (30) days, return to CITY the prorated share of CITY's payment in accordance with Section 2, above:

- a. the giving of written notice by either party to the other party at least ninety (90) days prior to the desired effective termination date;
- b. the termination of the corporate existence of KEDC;
- c. the insolvency of KEDC, the filing of a petition in bankruptcy either by or against KEDC, an assignment by KEDC for the benefit of creditors, or if KEDC goes dormant and/or ceases operations for any reason for thirty (30) days or more; and/or
- d. the breach by KEDC of any of the terms of this Agreement and the continuation of such breach for a period of ten (10) days after written notice is given by CITY to KEDC of such breach.

**8. Term.** The term of this Agreement shall be from October 1, 2020, through September 30, 2021.

**9. Open Records.** KEDC understands that receipt of payment for these services may subject all or part of KEDC's records to the Texas Public Information Act.

**10. Minority Representation on Board.** KEDC is encouraged to obtain minority representation on its Board of Directors.

EXECUTED on the date above stated.

**CITY OF KERRVILLE, TEXAS**

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MARK L. McDANIEL  
CITY MANAGER

**KERR ECONOMIC  
DEVELOPMENT CORPORATION,  
KEDC**

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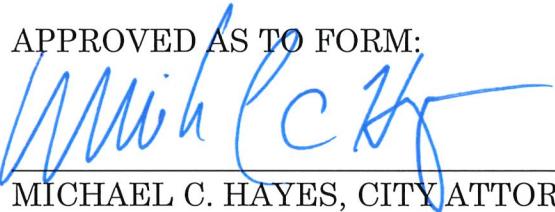
MIKE WITTLER  
PRESIDENT

ATTEST:

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SHELLEY MCELHANNON, CITY SECRETARY

APPROVED AS TO FORM:



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MICHAEL C. HAYES, CITY ATTORNEY

## **Exhibit A**



# 2018-2022 Business Plan

July 12, 2018

## **EXECUTIVE SUMMARY**

### **VISION**

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

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

### **MISSION**

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

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

**More specifically, the Partnership will:**

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

**Formation of the Partnership will benefit both organizations by:**

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

## **STRATEGY**

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

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

## **STRATEGIC APPROACH & PRIORITIES**

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

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

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

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

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

Examples of Primary Employers are:

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

## **1. BUSINESS RETENTION AND EXPANSION**

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

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

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

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

### **Action Items**

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

## 2. STRATEGIC DEVELOPMENT OF INFRASTRUCTURE

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

### Action Items

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

## 3. TALENT DEVELOPMENT

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

### Action Items

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

#### **4. BUSINESS RECRUITMENT**

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

##### **Action Items**

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

### **PRIORITY AREAS**

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

#### **1. COMPETITIVENESS IMPROVEMENT**

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

#### **2. MARKETING AND PROMOTION**

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

#### **3. BUSINESS DEVELOPMENT AND PROMOTION**

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

#### 4. BUSINESS NETWORKING

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

#### 5. INVESTOR RELATIONS AND ENGAGEMENT

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

### PROGRAM MEASUREMENT AND EVALUATION

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

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

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

## TOP-LEVEL METRICS AND PERFORMANCE INDICATORS

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

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

### Action Items

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

## TARGETED INDUSTRIES & SECTORS

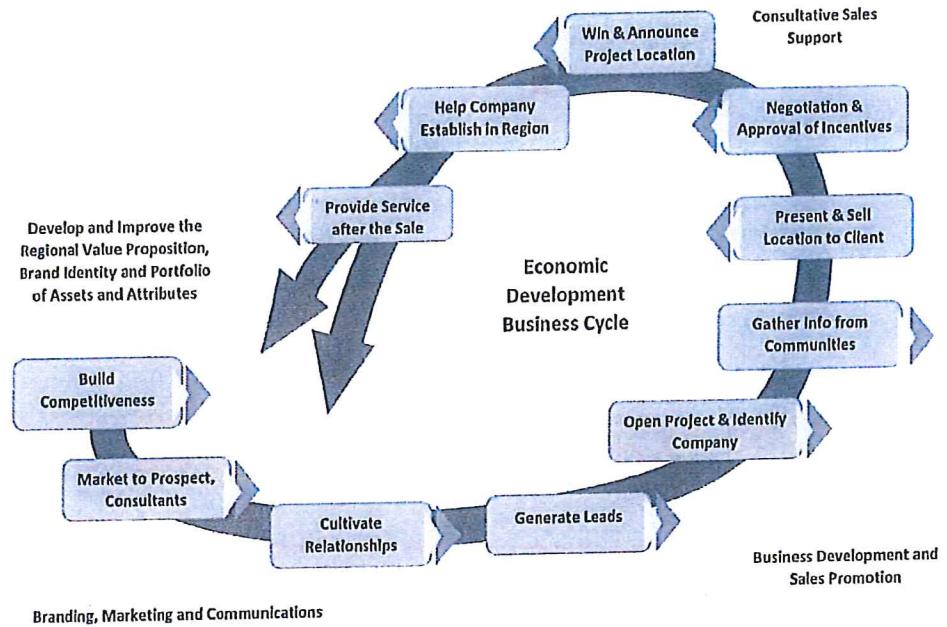
KEDC will continue to target industries where Kerr County has a natural advantage. Industry sectors that job creation efforts are focused on will periodically be reevaluated. The sectors currently being focused on include:

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

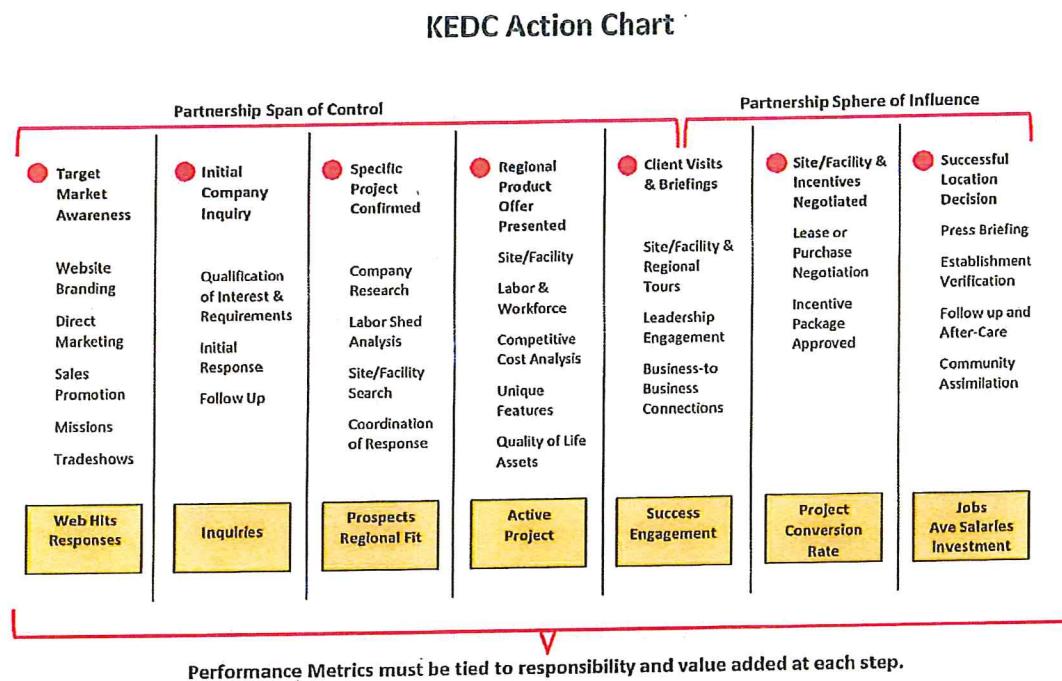
## STRATEGIES, OPERATIONAL PLANS AND TACTICS

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

Exhibit B



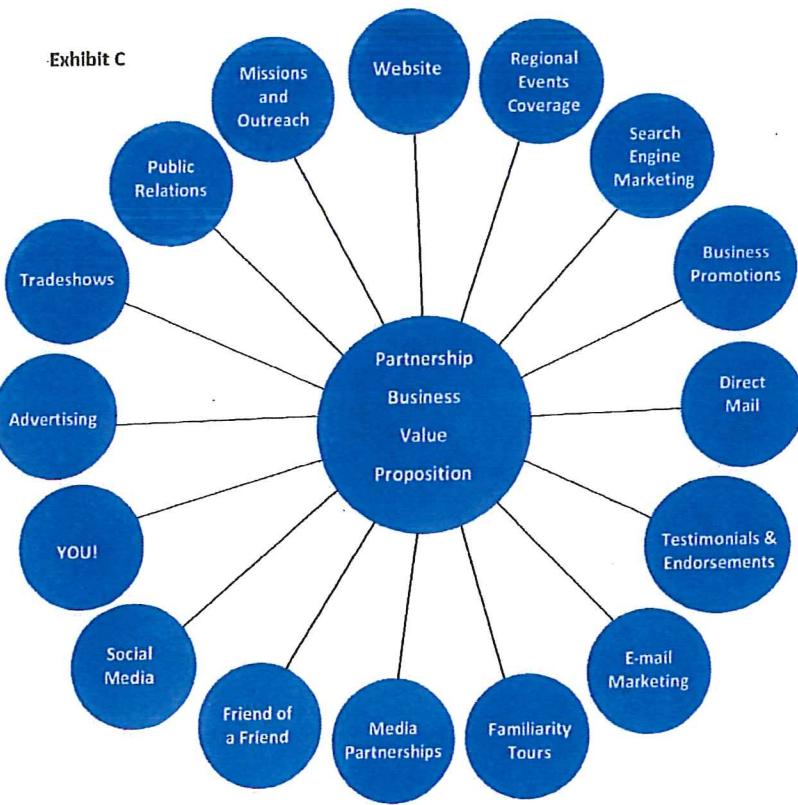
The chart below illustrates, how through “The Partnership,” KEDC will be more capable of shifting resources throughout the site selection process to ensure better business recruitment and attraction results.



## MARKETING & COMMUNICATIONS

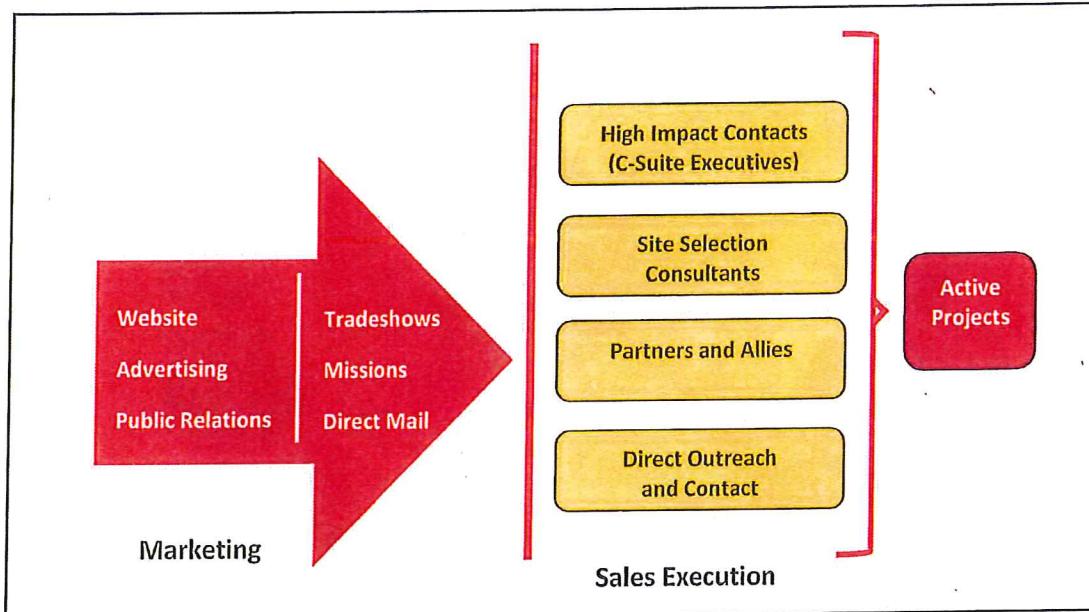
As 2018 is the initial year of the KEDC’s revised organizational structure and business plan, a marketing and promotional campaign will be required. A marketing campaign is necessary to create more opportunities to present the region’s locational advantages to qualified business and industry prospects.

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



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

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



#### Action Items

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

## INVESTOR RELATIONS & EVENTS

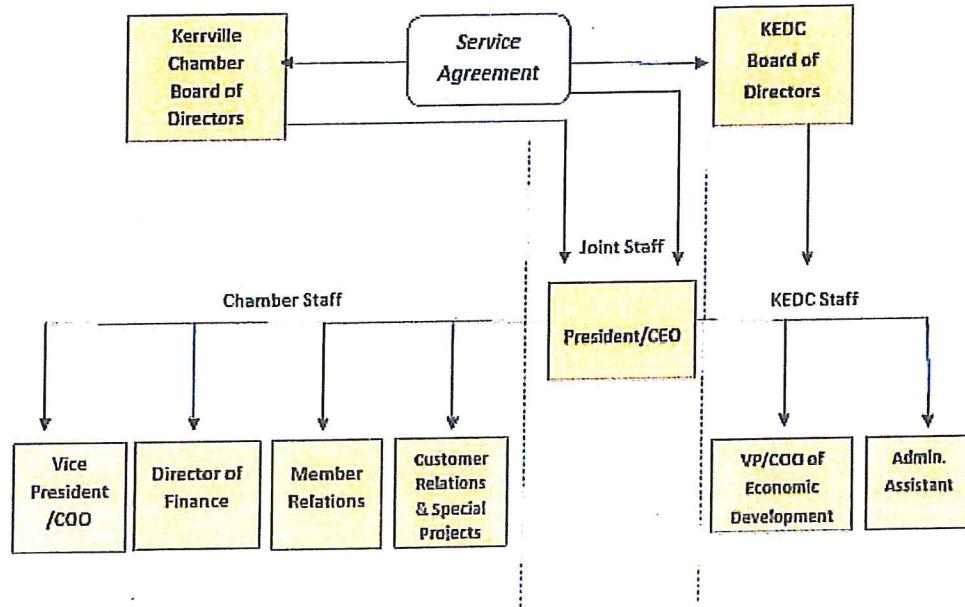
The KEDC's value is enhanced by effectively engaging both public and private stakeholders.

### Action Items

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

## MANAGEMENT & OPERATIONS

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

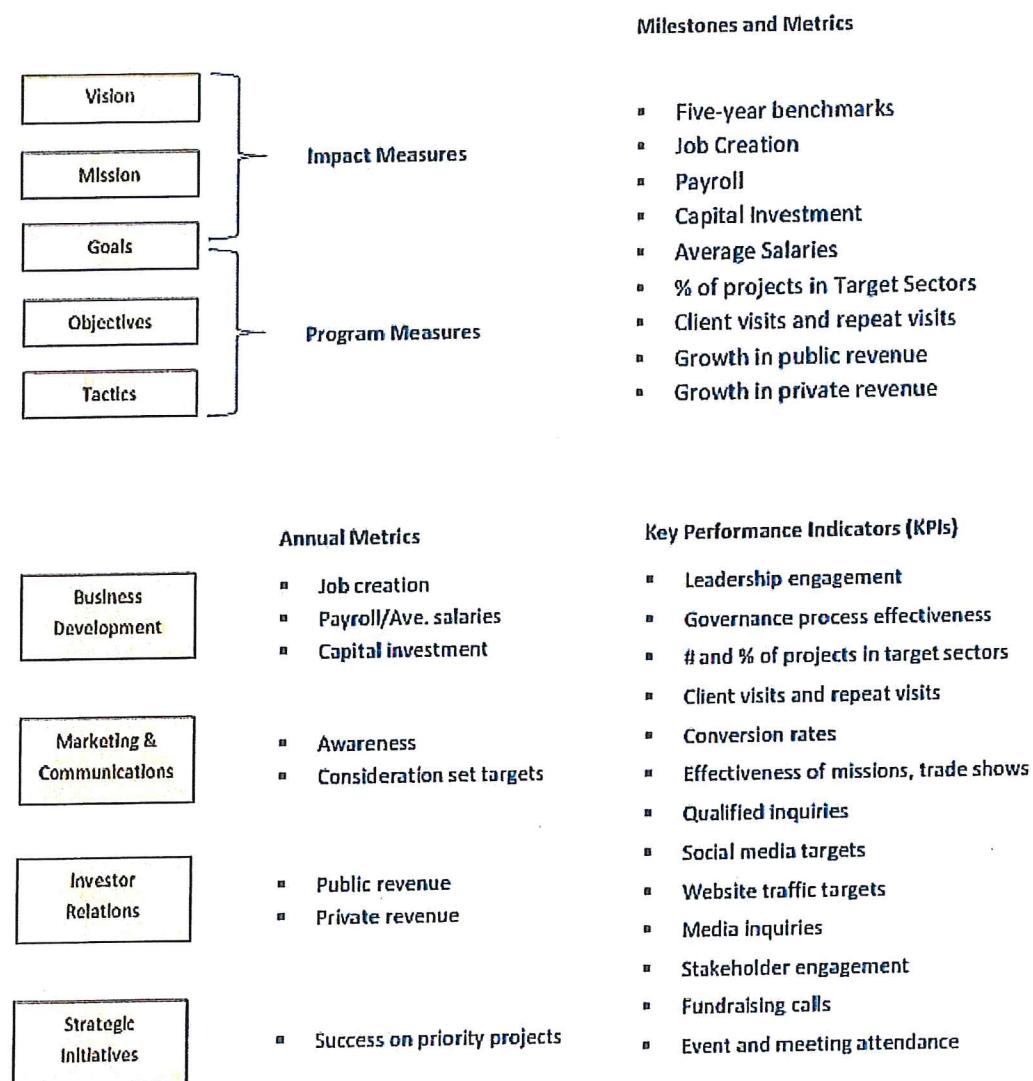


## BUDGETS & FUNDING

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

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

## Exhibit A – Performance Measurement Framework



## **LEGAL ENTITY**

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

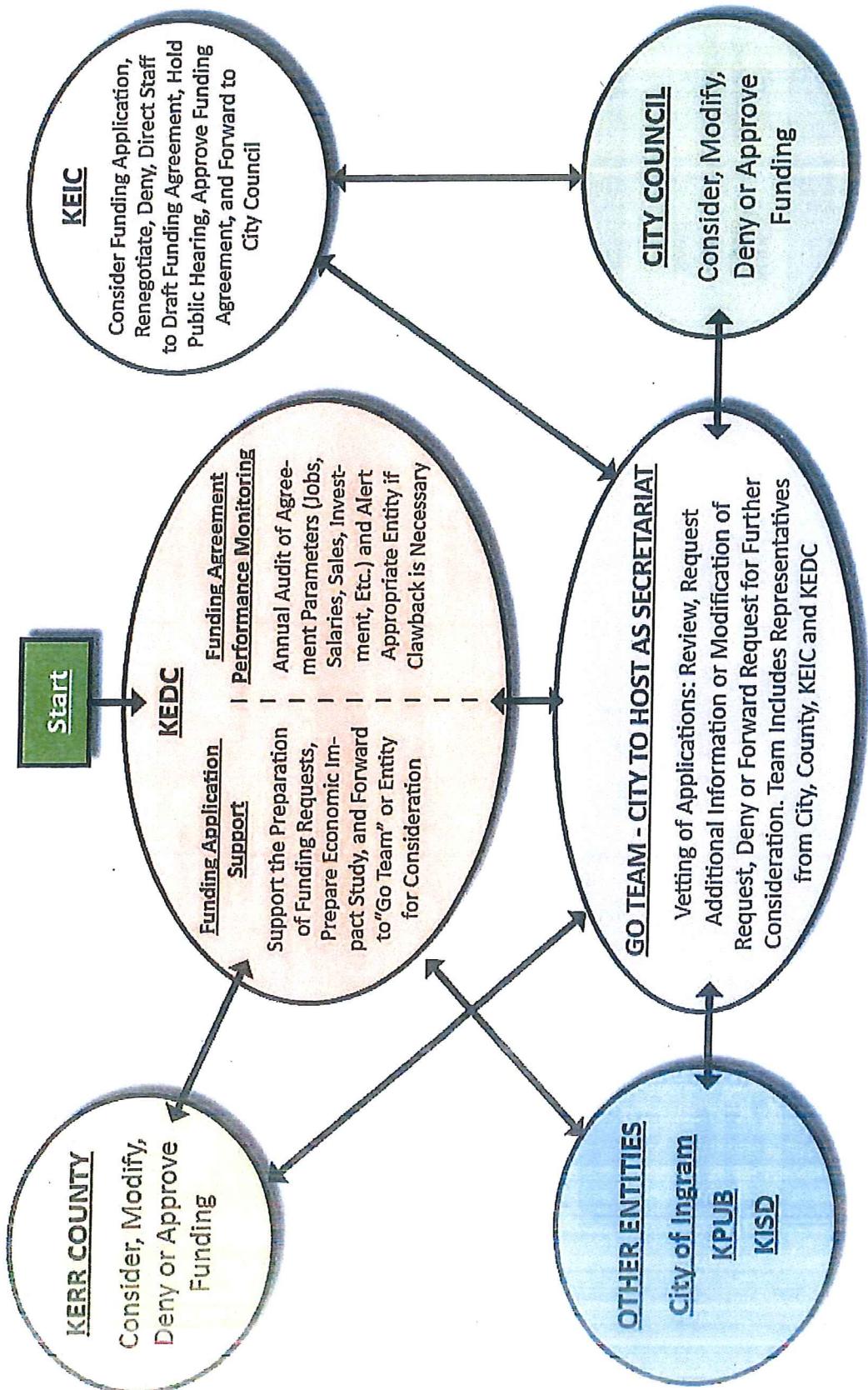
The day-to-day management of the organization is entrusted to a hired executive director that is evaluated annually by the board of directors. The leadership regularly meets the first Thursday of each month at 7:30 A.M. for monthly meetings. The officer seats of chair, vice-chair, treasurer and secretary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

## **PROPOSED COMPOSITION OF THE KEDC BOARD OF DIRECTORS**

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

## **ECONOMIC DEVELOPMENT STAKEHOLDERS, PROCESSES, ROLES AND TOOLS**

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



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

# Exhibit B



# Exhibit C



## Performance Metrics for FY 2020-2021

### **Business Retention and Expansion**

- Company Engagements: 30-34

### **Marketing to Kerrville**

- Social Media Engagement: 52 Posts across various platforms
- Economic Development Articles: 12

### **Human Capital**

- Workforce Programs: 1

### **Encouraging Entrepreneurs**

- Seminars, Workshops, Webinar Events: 6-8

### **Corporate Recruitment**

- Lead Generation: 18-22

### **Stakeholder Communication**

- Annual Economic Development Forum: 1
- Stakeholder Retreat: 1
- Quarterly Reporting: 4 per stakeholder

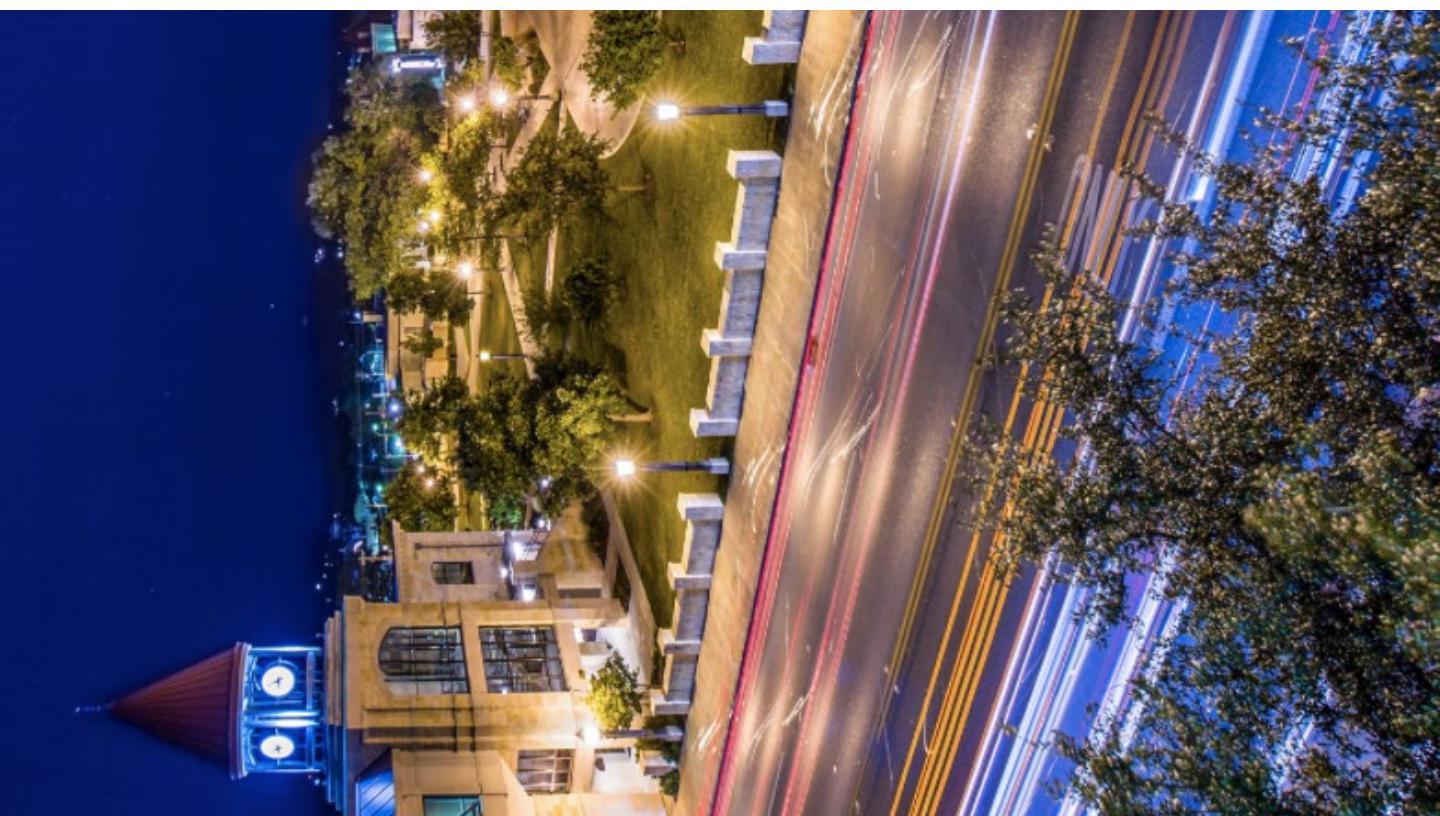
# Exhibit D

# Proposed KEDC Budget

## FY 2020-2021

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**Gilberto Salinas**, Executive Director  
Kerr Economic Development Corp.

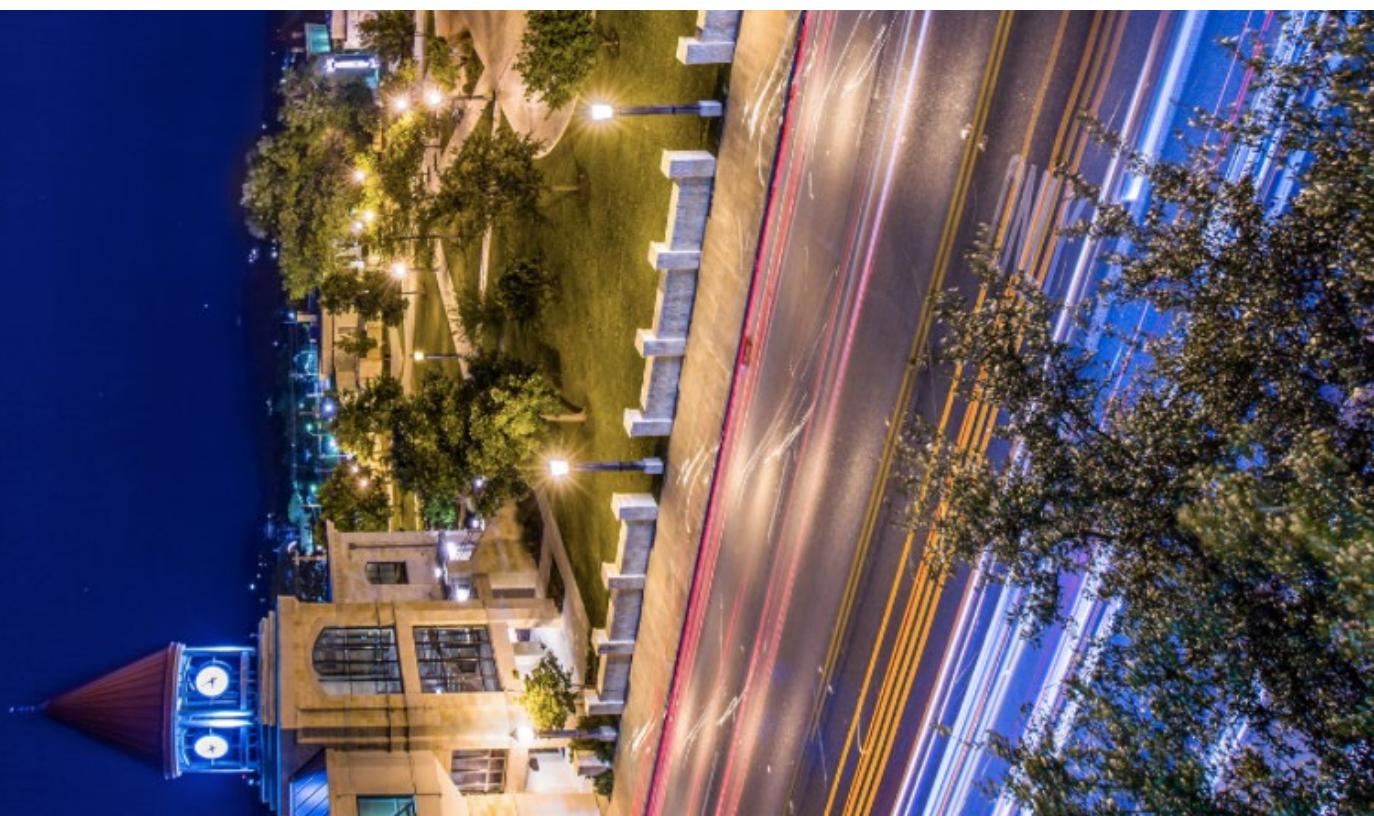


YTD Deliverables

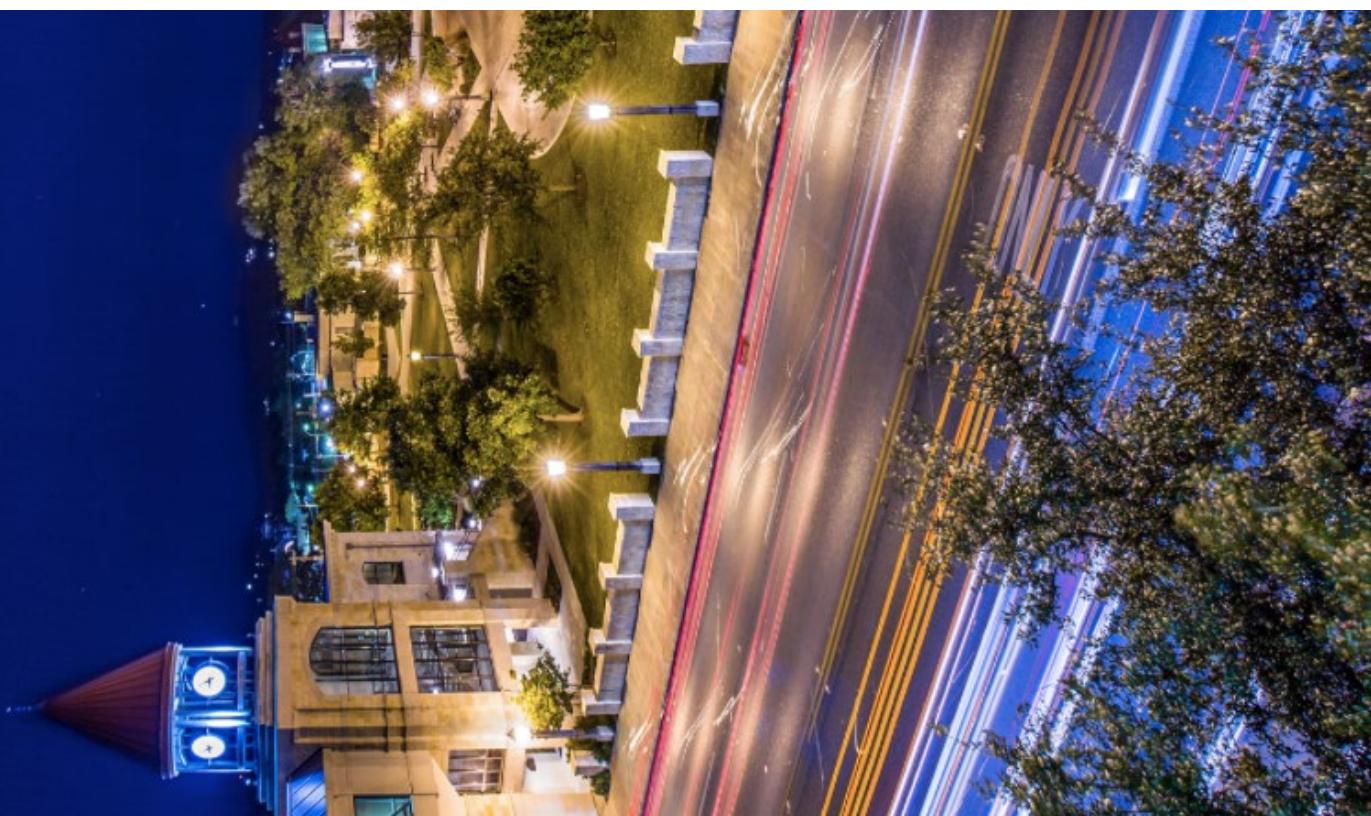
Project Pipeline

Roadmap 2021

Proposed Budget



# YTD Deliverables



# KEDC Business Ecosystem

KEDC 2-YEAR ROADMAP & ECONOMIC DEVELOPMENT ECOSYSTEM		ORGANIZATIONAL HOUSEKEEPING	
BUSINESS RETENTION EXPANSION		HUMAN CAPITAL PIPELINE	
MARKETING TO KERRVILLE		ENCOURAGING ENTREPRENEURS	
<b>INDUSTRIAL FOOTPRINT (Area 4)</b> Seek sustainable, strategic growth opportunities to increase property tax revenue by building land areas which generate higher tax revenues versus those with higher service costs.	<b>MARKET RESEARCH (Core)</b> Collect data, combine with identifying and preparing content.	<b>LABOR SHED (Area 3)</b> Update the short-term analysis zone by Kivalanche Consulting.	<b>BUSINESS INCUBATION (Area 1)</b> Develop program to support local entrepreneurs through an incubator facility where KEDC could provide:
<b>MARKET PROFILE (Core)</b> Vital tool for recruitment for the area which needs to be created, established and maintained.	<b>COLLABORATE (Area 3)</b> Workforce training and relationships between employers and educators; the Crisis of the Hill Country.	<b>OUTREACH (Area 1)</b> Outreach missions (targeted areas) to stakeholders and business workshops with partner entities:	<b>OUTREACH (Area 1)</b> Outreach missions (targeted areas) to high-impact companies:
<b>SHOW READY (Area 1, 3)</b> Create an industrial Park strategic to development of the Hwy 27 corridor.	<b>PROMOTIONS (Area 1)</b> Campaign to promote business recruitment for Kerrville. Creating a branding program focused on being a better destination of Kerrville.	<b>K-12 AIRPORT (Area 1)</b> Help build the next generation of local entrepreneurs and help build a community-oriented research and entertainment district.	<b>K-12 AIRPORT (Area 1)</b> Help & beyond speakers, provide a State Economic Development to stakeholders and the community.
<b>INVENTORY (Area 3)</b> Contract and maintain inventory of commercial and industrial property.	<b>ASSESS (Area 3)</b> Create marketing materials specifically for site selectors:	<b>COLLABORATION (Area 1)</b> Provide an outlet for each business and entrepreneurs.	<b>POLICIES, PROCEDURES (Core)</b> Articles of Incorporation and Bylaws have been created for the KEDC, but the missing component to complete the business are the Policies & procedures.
<b>ECONOMIC INDICATORS (Core)</b> Research, tracking and monitoring critical economic issues	<b>MENTORING (Area 3)</b> Establish a SCORE Chapter for small business and entrepreneurs.	<b>ONE-ON-ONE VISITS (Core)</b> Meetings with KEDC Board and KEDC Members on a periodic basis to provide updates and an interactive input from each of the members.	<b>ECONOMIC INCENTIVES (Area 2)</b> Re-examining the EIC and CTC incentive matrix in terms of:
<b>RELATIONS, LOCAL INDUSTRY</b> Either the re-establishment of existing facility, the KEDC CRE program will provide guidance and foster:	<b>LOCAL EXPERTISE (Area 1)</b> Leverage local professional experience and health to hire small business.	<b>COMMUNITY PRESENCE (Core)</b> Provide an outlet at Kerrville's 2019 Business Forum.	<b>CREATIVE INCENTIVES (Area 2)</b> Develop creative financing mechanism to diversify the community's economic development toolbox, i.e. state incentives.
<b>COMMITTEE: 40 Under 40</b> Working group made up of plant managers, executives of top companies, who will meet on a quarterly basis to discuss local trends, opportunities and challenges.	<b>INHOUSE MARKETING PROGRAM</b> Kerrville will create an internal marketing program which is first year will specifically be designed to promote Kerrville stakeholders and community members after the COC's Innovation Tour, it is evident that the KEDC needs to promote inward and outwards sub-build. Marketing tools include:	<b>FOCUS GROUP (Area 1)</b> The KEDC will be coming in four different areas:	<b>ANNUAL REVIEW (2019-20)</b> Pain points and successes of the organization's effectiveness based on the KEDC's adherence to the adopted Strategic & Economic Development Vision.
<b>COMMITTEE: Entrepreneur Dev.</b> Will focus on developing a program for Community-Based Entrepreneur Growth and consequently a campaign to promote entrepreneurship in Kerrville.	<b>YouTube Channel</b> Segments: City Channel, KEDC Economic Focus, Community Presentations, Newsletter editorials, Press Releases, Market Profile	<b>PROSPECT FLOW CHART (Core)</b> Deliberate the strategic development process, specifically with the KEDC and partner entities.	<b>Non-Commodities: KEDC Staff Initiative and tasks</b> Non-Commodities: KEDC Staff Initiative w/ Board involvement
<b>COMMITTEE: Human Capital</b> Agency heads for the regions' most educational and workforce institutions, meet as quarterly <del>board</del> meetings.	<b>REPORTING (Area 1)</b> Implement Quarterly Reports to stakeholders and Biomass Workshops with partner entities:	<b>HILL COUNTRY EDO (Area 1)</b> KEDC will be working on establishing and retaining as a Hill Country Economic Development Organization.	
<b>COMMITTEE: Industry Roundtable Group</b> Working group made up of plant managers, executives of top companies, who will meet on a quarterly basis to discuss local trends, opportunities and challenges.	<b>DELEGATIONS (Area 4)</b> Tap into letters, meetings, leverage their trust.	<b>FORUMS (Area 1)</b> KEDC needs to create a forum 2-3 years to address workforce and an update on economic development. Also needs to create a cross-industry leadership forum.	
<b>COMMITTEE: Aviation, Aerospace &amp; Space</b> Due to current prospect activity, the KEDC has an opportunity to create a cluster with the airport and the Airport Committee Park.	<b>REPORTING (Area 1)</b> Outreach missions (targeted areas) to stakeholders and business workshops with partner entities:	<b>COMMUNICATION EFFORT</b> The strategy for communication is to update the state and community and messaging.	
<b>COMMITTEE: Entrepreneur Dev.</b> Will focus on developing a program for Community-Based Entrepreneur Growth and consequently a campaign to promote entrepreneurship in Kerrville.	<b>SITE SELECTORS (Area 1)</b> Attract site selectors as part of Team Kerrville.	<b>IMPACT STUDIES (Area 0)</b> Conduct economic impact summaries for local industry and communicating to state/holders.	
<b>COMMITTEE: Human Capital</b> Agency heads for the regions' most educational and workforce institutions, meet as quarterly <del>board</del> meetings.	<b>DELEGATIONS (Area 4)</b> Tap into letters, meetings, leverage their trust.	<b>COLLABORATION (Area 1)</b> Incentive collaboration/	
<b>COMMITTEE: 40 Under 40</b> Working group made up of plant managers, executives of top companies, who will meet on a quarterly basis to discuss local trends, opportunities and challenges.	<b>OUTREACH (Area 1)</b> Outreach missions (targeted areas) to stakeholders and business workshops with partner entities:	<b>MENTORING (Area 1)</b> Establish a SCORE Chapter for small business and entrepreneurs.	
<b>COMMITTEE: Entrepreneur Dev.</b> Will focus on developing a program for Community-Based Entrepreneur Growth and consequently a campaign to promote entrepreneurship in Kerrville.	<b>OUTREACH (Area 1)</b> Outreach missions (targeted areas) to stakeholders and business workshops with partner entities:	<b>MENTORING (Area 1)</b> Establish a SCORE Chapter for small business and entrepreneurs.	
<b>COMMITTEE: Human Capital</b> Agency heads for the regions' most educational and workforce institutions, meet as quarterly <del>board</del> meetings.	<b>OUTREACH (Area 1)</b> Outreach missions (targeted areas) to stakeholders and business workshops with partner entities:	<b>MENTORING (Area 1)</b> Establish a SCORE Chapter for small business and entrepreneurs.	

Key Performance Indicators (KPIs) (with all pairs)	
Companies visited	Website metrics
No. of sessions (2023)	Distribution official media
Portfolio expansion	Website traffic
Industrial Assessor Rate	Consistency of messaging
Increase in labor force	
Workforce participation	No. of seminars, workshops
Workforce training days	No. of earned days
Job payroll and Cap created	
Lead generation	
Increase in average wages	
Prospects hosted	
Castaway Report 3	
Project R&D from E&C Industry	
Stakeholder meetings (+ or -)	
Annual event	
Stakeholder referral	
Castaway Report 3	
Studies and fits, Charla!	
Completion implementation of:	
KCC Roadmap KCC	
Policy & Processes	
Incentive Policy Impact	

# YTD Deliverables

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## Business Retention & Expansion

- 30-34** Companies Visited / Supported / Conferenced
- Top 10 Private Employers
- Smaller Mfg. Firms
- Medical / Health Sector
- Construction Companies
- Oil & Gas, Energy
- 194** No. of Respondents to Business Survey
- 11** Featured in 'Over the Fence Podcast'
- 200-plus** Contact with small businesses, since pandemic



# YTD Deliverables

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## Marketing Kerrville

- 5 Social Media Outlets
  - Facebook / Twitter
  - LinkedIn / Instagram
  - YouTube Channel
- 11 'Over the Fence' Podcasts
- 8 Covid Community Update with City of Kerrville
- 21 Newspaper / Magazine Articles / Press Releases
- 4 Webinars for Small Business & Industry
- 3 Presenter at National Conference / Webinar
- 4,400 Joint Webinar with Office of Governor



# YTD Deliverables

## Marketing Kerrville

### KerrvilleTogether.com

- 5 Social Media Outlets
- Facebook / Twitter
- LinkedIn / Instagram
- YouTube Channel
- 11 'Over the Fence' Podcasts

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- 4 Webinars for Small Business & Industry
- 3 Presenters at National Conference / Webinar
- 4,400 Joint Webinar with Office of Governor



# YTD Deliverables

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## Human Capital / Workforce

Collaborated with:

Workforce Solutions – Kerr

Texas Workforce Commission

Alamo Colleges – Kerrville

Kerrville ISD (*Visit from state*)

Hosted Texas Workforce Commissioner

Julian Alvarez, Commissioner – Labor

Dale Robertson, Executive Director

Skills Development Funding for:

Skymaster *Pending*

Tin Roof *Pending*

**All Plastics** **\$173,000**

# YTD Deliverables

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## Encouraging Entrepreneurs

Seminars, workshops, events, etc.

Hill Country Economic Summit

Roundtables (webinar & in person)

1-On-1 Visits at Office

40-Under-40 Campaign

‘Over the Fence’ Podcasts / Webinars

Small Business Series with Office of the Gov.

KerrvilleTogether.com Portal for Entrepreneurs



# YTD Deliverables

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## Stakeholder Communication

Quarterly reporting (KEDC Highlights)

Stakeholder retreat (Follow up from 2019)

One-on-One visits

Economic development forum

Hill Country Economic Summit

Roundtable with Commissioner Alvarez

## Organizational Housekeeping

2-Year Roadmap (Adding resiliency component)

KEDC Policies & Procedures

Revamp Economic Incentives Guidelines

# YTD Deliverables

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## Corporate Recruitment

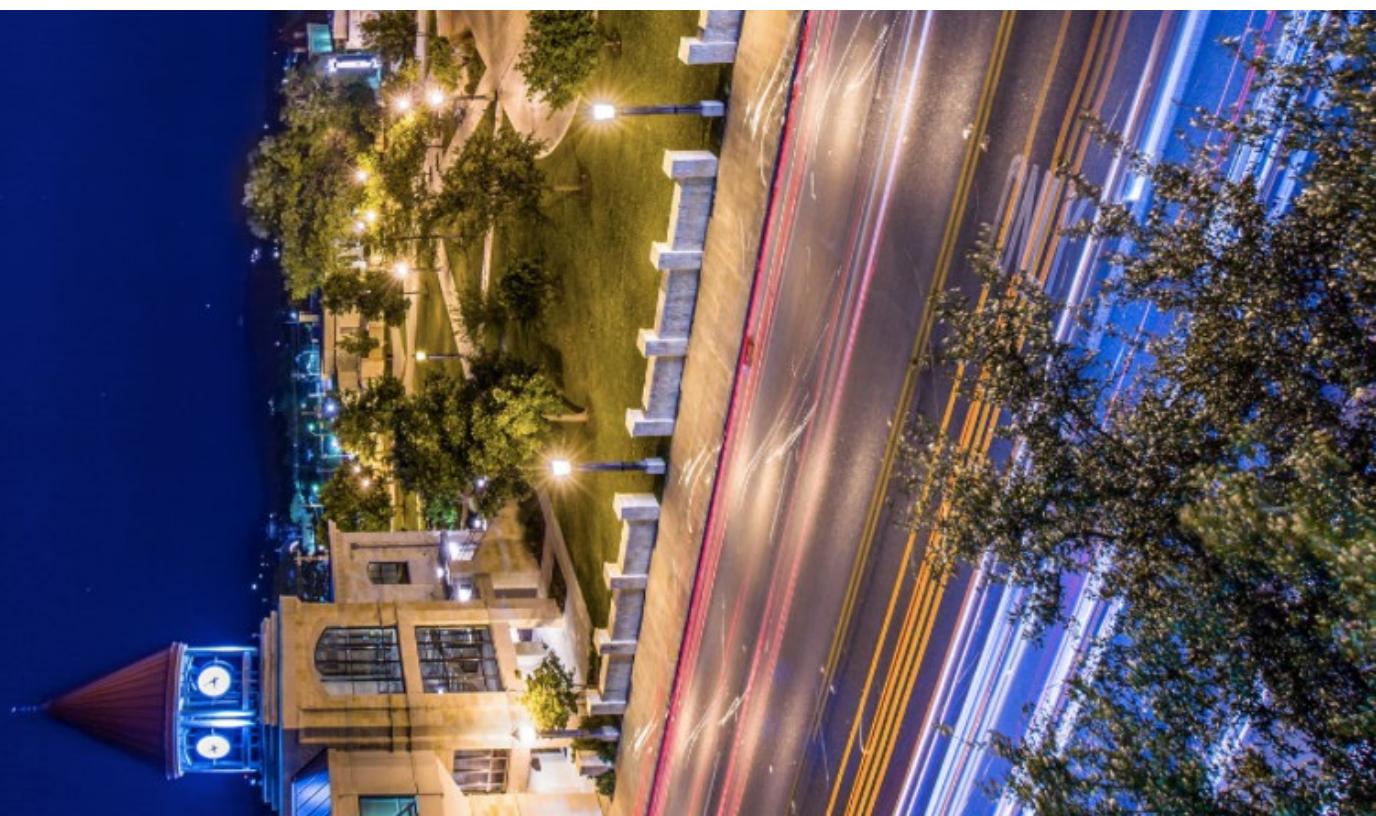
**32** No. of leads generated

- 7 Outreach from staff
- 1 Walk ins
- 3 Calls at office
- 5 Site Selectors
- 4 Relationships
- 12 RFPs from Gov.

**5** Active Prospects for Kerr County (area)



# Project Pipeline



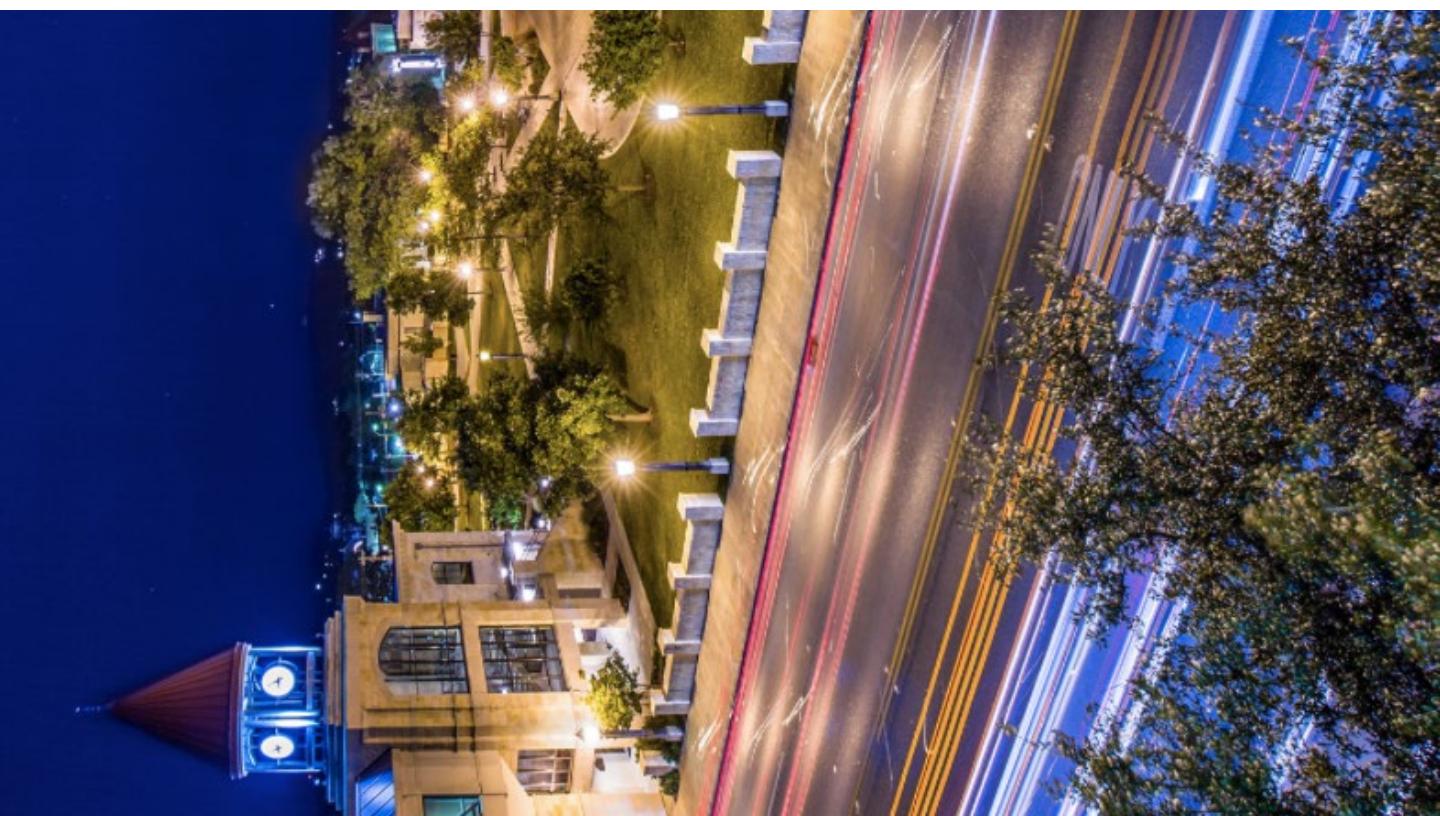
# KEDC Active Projects

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<b>Skymaster</b>	Aerospace sector, potential for 200 jobs, above ACW, conducted visit to HQ last month, making progress
<b>Tin Roof</b>	Metal fabricator, locating off Harper Road, new construction, 15-20 jobs, part manufacturing & commercial component
<b>Blue HQ</b>	Aerospace & defense firm, seeking building, conduct training, host federal delegations
<b>Replenish</b>	Small operation, seeking facility, medical sector, creating 20 jobs, good wages
<b>Vista</b>	Outside county, massive mfg. operation, San Antonio-area project, with direct and significant economic impact to Kerrville



# Roadmap 2021



# KEDC Business Ecosystem

## KEDC 2-YEAR ROADMAP & ECONOMIC DEVELOPMENT ECOSYSTEM

BUSINESS RETENTION EXPANSION	HUMAN CAPITAL PIPELINE	ENCOURAGING ENTREPRENEURS	CORPORATE RECRUITMENT	STAKEHOLDER COMMUNICATION	ORGANIZATIONAL HOUSEKEEPING
<b>INDUSTRIAL FOOTPRINT (2020-21)</b> See out resources for strategic growth opportunities to increase property tax revenues - targeting land areas which generate higher tax revenues versus those with higher service costs.	<b>MARKET RESEARCH (2020)</b> Collection of data compiled with identified and prioritized costant.	<b>LABOR SHED (AV. SEC. 21)</b> Update the labor shed area/years done by Avalanche Consulting.	<b>BUSINESS INCUBATION (AV. SEC. 1)</b> Develop program to support local entrepreneurs through an incubator facility in either KEDC owned property or a third party.	<b>OUTREACH (AV. SEC. 1)</b> Outreach missions targeting select high impact companies.	<b>ED. MASTER PLAN (2020-21)</b> Develop a holistic economic development master plan outlining:
<b>MARKET PROFILE (2020)</b> Use job for recruitment for the area, which needs to be created, established.	<b>COLLABORATE (AV. SEC. 21)</b> Initiate regional workforce initiatives through the collaboration of the local institutions.	<b>SITE SELECTORS (AV. SEC. 1)</b> Host site selectors as part of family tour.	<b>• Roles</b> <b>• Goals, Objectives</b> <b>• Target Industries</b>	<b>STAKEHOLDER RETREAT (TIP)</b> Once per year, hosted by the KEDC with a local consultant.	<b>• Articles of incorporation and bylaws</b> Have been chosen for the KEDC, but the missing component to complete the business are Policies & Procedures.
<b>SHOVEL READY (AV. SEC. 1, TIP)</b> Create an industrial Park specific to development of the key 27 contract.	<b>BRAND (TIP)</b> Leverage the Hill Country brand.	<b>DELEGATIONS (AV. SEC. 1)</b> Host business delegations.	<b>2 YR ROADMAP (2020-21, TIP, CO)</b> This is a plan of action which becomes the Master plan for the next 2 years.	<b>ANNUAL ECONOMIC FORUM (CO)</b> Host a revenue speaker, provide a State of Economic Development to stakeholders and the community.	<b>POLICIES, PROCEDURES (2020)</b> Articles of incorporation and bylaws have been chosen for the KEDC, but the missing component to complete the business are Policies & Procedures.
<b>TARGET SECTORS (AV. SEC. 1)</b> Advanced manufacturing, Aviation and aerospace, Craft structure, Food processing, storage, Information, Analytics, Healthcare and medical.	<b>BRANDING (2020-21)</b> Promote Kerrville as a college town, to help build the next generation of local entrepreneurs and help build a campus-oriented retail and entertainment district.	<b>BRANDING (2020-21)</b> Support to participate in Gov. Sims Business Forum.	<b>TARGET SECTORS (CO)</b> Advanced manufacturing, Aviation and aerospace, Back office operations, Tech start-ups and medical.	<b>ECONOMIC INCENTIVES (2020-21)</b> Reassessing the EIC and City Incentive market in terms of:	<b>ANNUAL ECONOMIC FORUM (CO)</b> This is a plan of action which becomes the Master plan for the next 2 years.
<b>INVENTORY (AV. SEC. 2)</b> Conduct and maintain inventory of commercial and industrial property.	<b>ASSETS (AV. SEC. 2)</b> Create marketing materials specifically for sole sectors.	<b>MENTORING (AV. SEC. 3)</b> Establish a SCORE chapter for small business and entrepreneurs.	<b>TARGET SECTORS (CO)</b> Members with KEDC Board and EIC Members on a periodic basis, to provide advice and advocacy input from each of the members.	<b>COMMUNITY PRESENCE (CO)</b> Provide a rotaite at Hill Country area organizations, once per year for each class/sector, com manly organization.	<b>POLICIES, PROCEDURES (2020)</b> Articles of incorporation and bylaws have been chosen for the KEDC, but the missing component to complete the business are Policies & Procedures.
<b>ECONOMIC INDICATORS (CO)</b> Researching, tracking local and national economic trends.	<b>FRESH TALENT (TIP)</b> Schreiner University is the key to drawing fresh talent to Kerrville.	<b>LOCAL EXPERIENCE (TIP)</b> Leveraging professional experience and wealth to local small business.	<b>COLLABORATION (TIP)</b> The KEDC will work with the following target sectors and in turn, work to develop subsectors from each:	<b>COLLABORATION (TIP)</b> Increase collaboration and cooperation to develop a regional approach to economic development.	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
<b>RELATIONS, LOCAL INDUSTRY</b>	<b>HUMAN CAPITAL INITIATIVE</b>	<b>ENTREPRENEUR DEVELOPMENT</b>	<b>FOCUSED LEAD GENERATION</b>	<b>HILL COUNTRY EDC (TIP)</b>	<b>IMPACT STUDIES (TIP)</b> Conduct economic impact studies / White papers / Reserve summaries for local industry and communicating to stakeholders.
Either new construction or existing facility, the KEDC BRC Program will provide guidance and later:	The KEDC is the largest chamber for Kerrville, it is the place to do your business. The KEDC will create a program, similar to the BRC, but specifically to address workforce needs. Following entities will be involved:	The KEDC will be a support role for both the pre-pace incubator program being developed by Schreiner University and the Kerrville Chamber. KEDC's role, however, will be in promoting and creating buzz for Community Based Entrepreneurial Growth in the Kerrville area. The KEDC can draw from the following to develop a sense of entrepreneurialism as well as development focus:	Last call will be coming from different sources:	The KEDC should consider establishing a Hill Country Economic Development Organization.	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Workforce contacts	• Construction	• The Capital Factory	• KEDC Research, internal lead generation	<b>FORUMS (TIP)</b> KEDC needs to create 2 forums specifically for business owners and an update on economic development. Also needs to create a cross-industry liaison forum.	<b>IMPACT STUDIES (TIP)</b> Conduct economic impact studies / White papers / Reserve summaries for local industry and communicating to stakeholders.
• Utility services (all)	• Social contacts	• Kerrville ISD	• Site Selection Network	<b>COMMUNICATION EFFORT</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Local college, university	• Local college, university	• Ingram ISD	• RIPE from Governor's Office	The KEDC will be a support role with the following sections:	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Business data base	• Business data base	• Workforce Solutions	• Retail, commercial	• Retail, commercial	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Holding	• Holding	• Texas Workforce Commission	• Cost of life and tourism infrastructure, i.e. raising	<b>COMMITTEE: Aviation, Aerospace &amp; Space</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Real Estate	• Real Estate	• Alamo Colleges	• Consultants, mission or	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Expansion plans	• Expansion plans	• Schreiner University	• Specific	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Ongoing communication with the company, tracking its growth and accompanying their needs.	• Ongoing communication with the company, tracking its growth and accompanying their needs.	• Other regional schools	• The KEDC will be in a support role with the following sections:	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• COMMITTEE: Industry Roundtable Group	• COMMITTEE: Human Capital	• Community newsletters	• Retail, commercial	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
Working group made up of local employers, whom will meet on a quarterly basis to discuss local trends, opportunities and challenges.	• Community needs for the region's different educational and workforce institutions, meet on quarterly basis.	• Colateral materials	• Cost of life and tourism infrastructure, i.e. raising	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Workforce training dollars	• Workforce training dollars	• Newsletters	• Consultants, mission or	<b>COMMITTEE: Aviation, Aerospace &amp; Space</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
• Industrial Absorption Rates	• Consistency of managing	• Segments, City channel	• The Capital Factory	<b>COMMITTEE: Aviation, Aerospace &amp; Space</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
		• KEDC Economic Journal	• Local Entrepreneur Network	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
		• Prospectus/marketing	• Market Profile	<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
		• Market Profile		<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
				<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
				<b>COMMITTEE: Entrepreneur Dex.</b>	<b>ANNUAL REVIEW (2020-21)</b> Periodic review and benchmark of the organization's effectiveness based on the KEDC's adherence to the adopted state's economic Development Vision.
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# 2021 Plan of Action

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## Second Year of 2-Year Roadmap

Focusing on developing cluster

Specifically Aerospace-Aviation

Opportunities with current project pipeline

Continue entrepreneur development

Focus on people getting jobs, local industry

Grassroots marketing, i.e., Kerrville Together

Business recruitment (where we can)

Develop what we have, all business

Tesla could prove huge opportunity

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Tesla could prove huge opportunity

Additional Goals:

- i. Upskilling Workforce
- ii. Economic Resiliency
- iii. Local Diversification



# 2021 Plan of Action

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## Keeping Door Open for Campaign Opportunity:

Marketing at national level

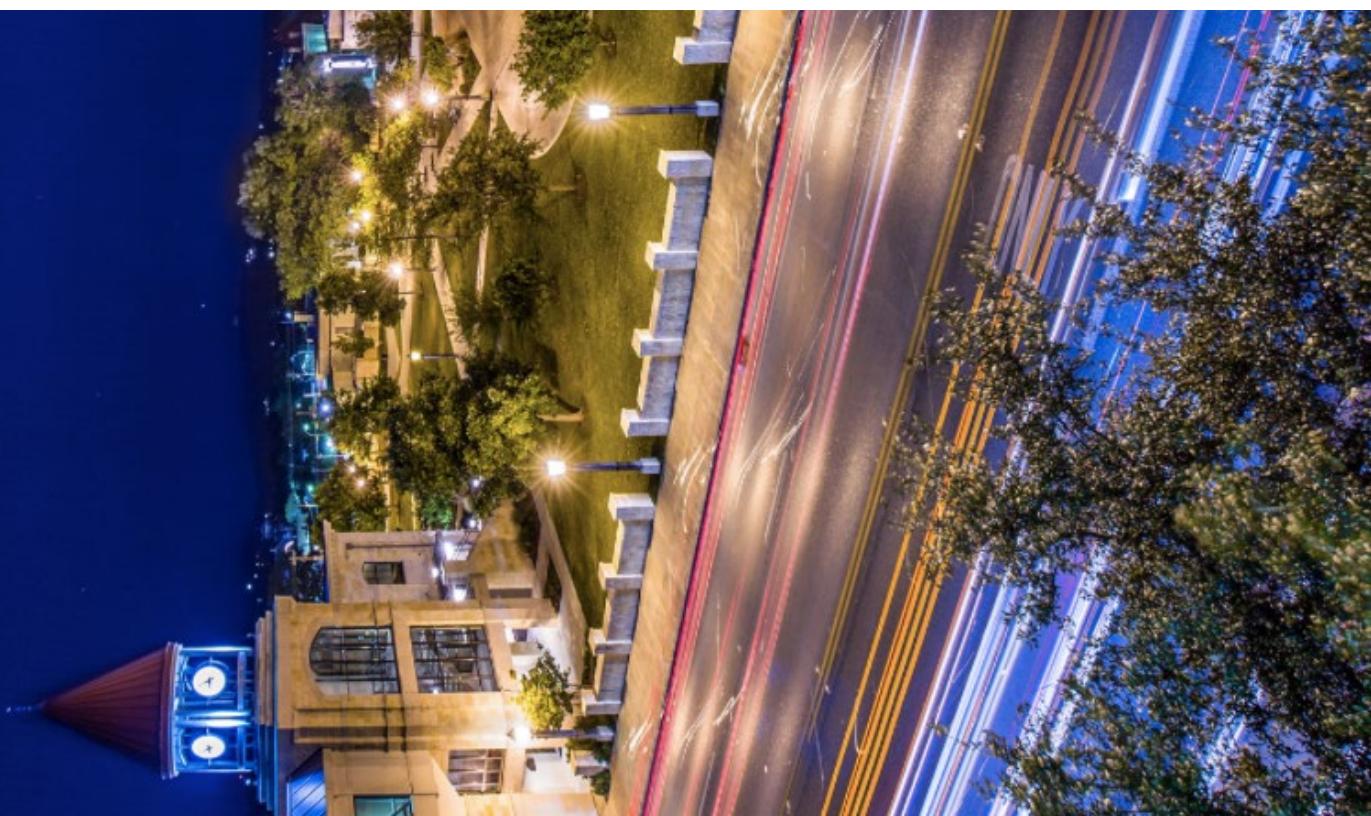
Trade magazines, NY media outlets

Develop a brand for Kerrville, aerospace possibly

Hosting ‘virtual’ delegations, national site selectors

Recruitment of supply-chain for current prospect activity

# Proposed Budget



# Proposed Budget FY20/21

Line Item	FY19/20	FY20/21	Reduction
Business Recruitment	\$ 20,000	\$ 0	\$ 20,000
Marketing, Web, Design	\$ 23,000	\$ 5,000	\$ 18,000
Staff Training	\$ 5,000	\$ 3,000	\$ 2,000
Conferences, Meetings	\$ 10,000	\$ 5,000	\$ 5,000
Contract Services	\$ 12,667	\$ 4,067	\$ 8,600
Meals, Entertainment	\$ 12,000	\$ 3,000	\$ 9,000
Travel	\$ 17,000	\$ 10,000	\$ 7,000
KEDC Service Agreement	\$ 55,400	\$ 18,500	\$ 36,900
		Subtotal	\$106,500
		Other	(\$22,500)
		<b>TOTAL</b>	<b>\$84,000</b>

# Proposed Budget FY20/21

---

<b>Stakeholder</b>	<b>FY19/20</b>	<b>21% Cut</b>	<b>FY 20/21</b>
EIC	\$250,000	\$ 52,500	\$197,500
City	\$ 50,000	\$ 10,500	\$ 39,500
County	\$ 50,000	\$ 10,500	\$ 39,500
KPUB	\$ 50,000	\$ 10,500	\$ 39,500
<b>TOTAL</b>	<b>\$400,000</b>	<b>\$ 84,000</b>	<b>\$316,000</b>

# Proposed Budget FY20/21

Stakeholder	FY19/20	21% Cut	FY 20/21
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<b>TOTAL</b>	<b>\$400,000</b>	<b>\$ 84,000</b>	<b>\$316,000</b>

# In Closing

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2020 Budget	Volunteered reduction, Covid situation
Mid Year Pivot	Put people to work, businesses back
2021 Goal	Cluster development with local focus
2021 Budget	Affordable plan for community size
Keep in Mind	Keeping an open door for campaign





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

---

**SUBJECT:** Amendment to the City of Kerrville Certificate of Convenience and Necessity for Water Service (CCN) pursuant to application from Solar Village Homeowners Association (100 Stacey Lane, Kerr County).

**AGENDA DATE OF:** August 25, 2020    **DATE SUBMITTED:** Aug 19, 2020

**SUBMITTED BY:** Stuart Barron

**EXHIBITS:** [20200825\\_Document\\_Solar\\_Village\\_CCN\\_request.pdf](20200825_Document_Solar_Village_CCN_request.pdf)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
0	0	0	0

**PAYMENT TO BE MADE TO:** N/A

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

**SUMMARY STATEMENT:**

The Solar Village neighborhood is a 22 lot subdivision located approximately one mile from the city limits of Kerrville, north of the I-10 and Hwy 16 intersection. The existing developed subdivision operates its own water system that serves the homes in Solar Village. The Texas Commission on Environmental Quality (TCEQ) has recently required Solar Village water system to operate as an official Public Water System. That requires them to obtain their own Certificate of Convenience and Necessity (CCN) for water services. The Solar Village subdivision is currently in the City of Kerrville's CCN and will need to be released before they can apply for their own CCN status. The subdivision lies over a mile from the closest City of Kerrville water main and well outside the city limits, with little near-term development anticipated between the two entities boundaries. If the City were to attempt to provide utility service to this area, now or in the future, significant new infrastructure would have to be built, such as a new pump station and extensive utility line work, in order to supply adequate pressure.

For these reasons, City staff recommends that the City release the neighborhood from the existing City of Kerrville Water Service CCN so that they can continue to provide themselves water service.

**RECOMMENDED ACTION:**

Release the Solar Village Subdivision from the City of Kerrville CCN 12928.

## CONSENT FORM

**Docket 50083: Application of Solar Village Homeowners Association to Obtain a Certificate of Convenience and Necessity in Kerr County**

I concur with the map and certificate transmitted by e-mail on **July 13, 2020.**

I do not concur with the map and certificate transmitted by e-mail on **July 13, 2020.**

I understand that I have until \_\_\_\_\_ to provide my response.

I am authorized by \_\_\_\_\_ to sign this form.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Relationship to Applicant: \_\_\_\_\_

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

In accordance with the Order Suspending Rules, issued in Project No. 50664

Please upload the signed consent form to the PUC interchange filer at:

<https://interchange.puc.texas.gov/filer>

and email a copy of the filing (in pdf form) alongside the tracking number confirmation sheet to

[centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov)

on the same day the upload is done.

or for Shipping/Oversize Delivery upload the document to the PUC interchange filer at:

<https://interchange.puc.texas.gov/filer>

and mail filing package alongside the tracking number confirmation sheet to:

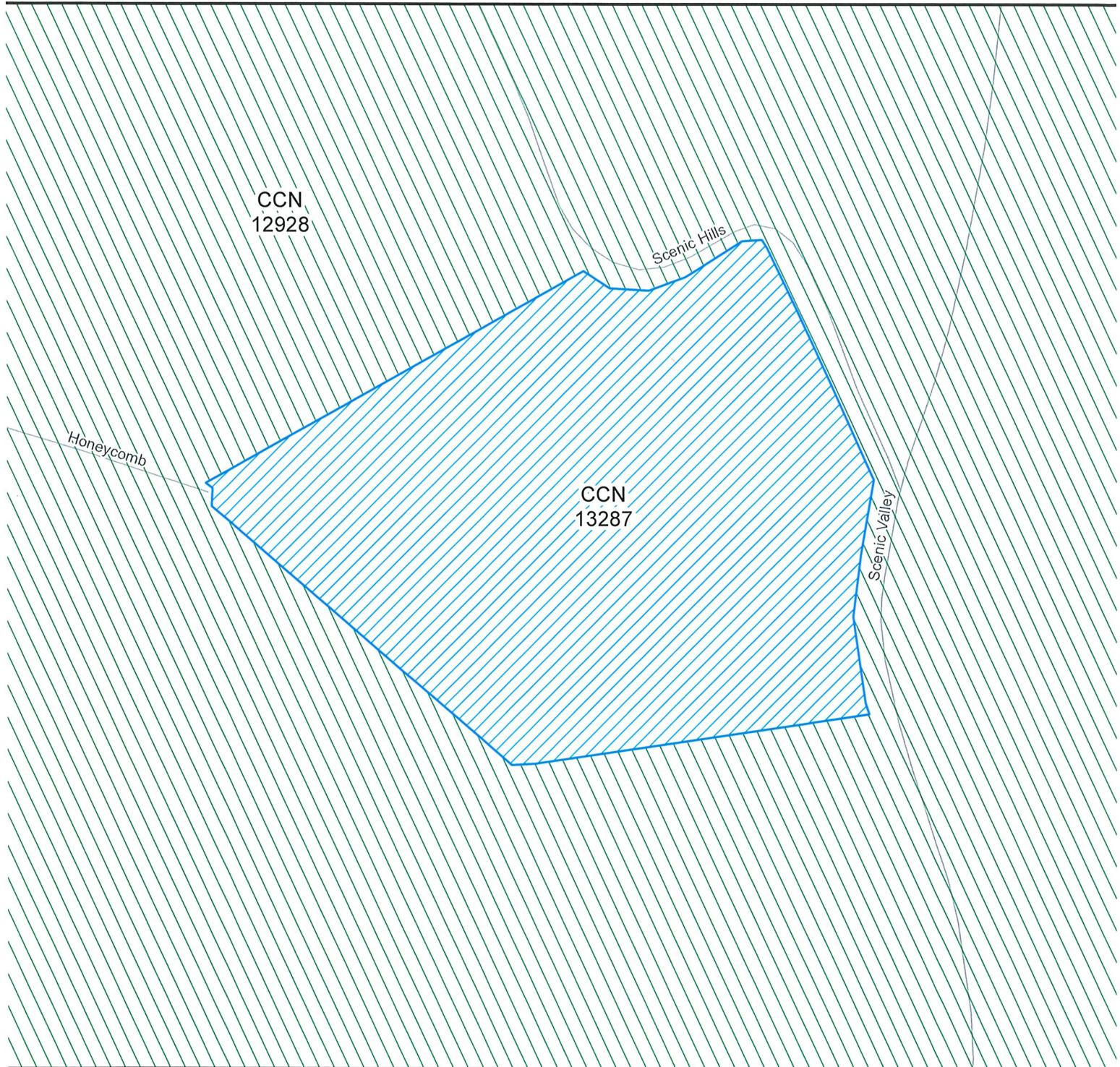
Public Utility Commission of Texas

Central Records

1701 N. Congress, Suite 8-100

Austin, Texas 78701

Solar Village Homeowners Association  
Water CCN No. 13287  
PUC Docket No. 50083  
Obtained New CCN and  
Decertified a Portion of City of Kerrville, CCN No. 12928 in Kerr County



**Water CCN**

-  13287 - Solar Village HOA
-  12928 - City of Kerrville





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

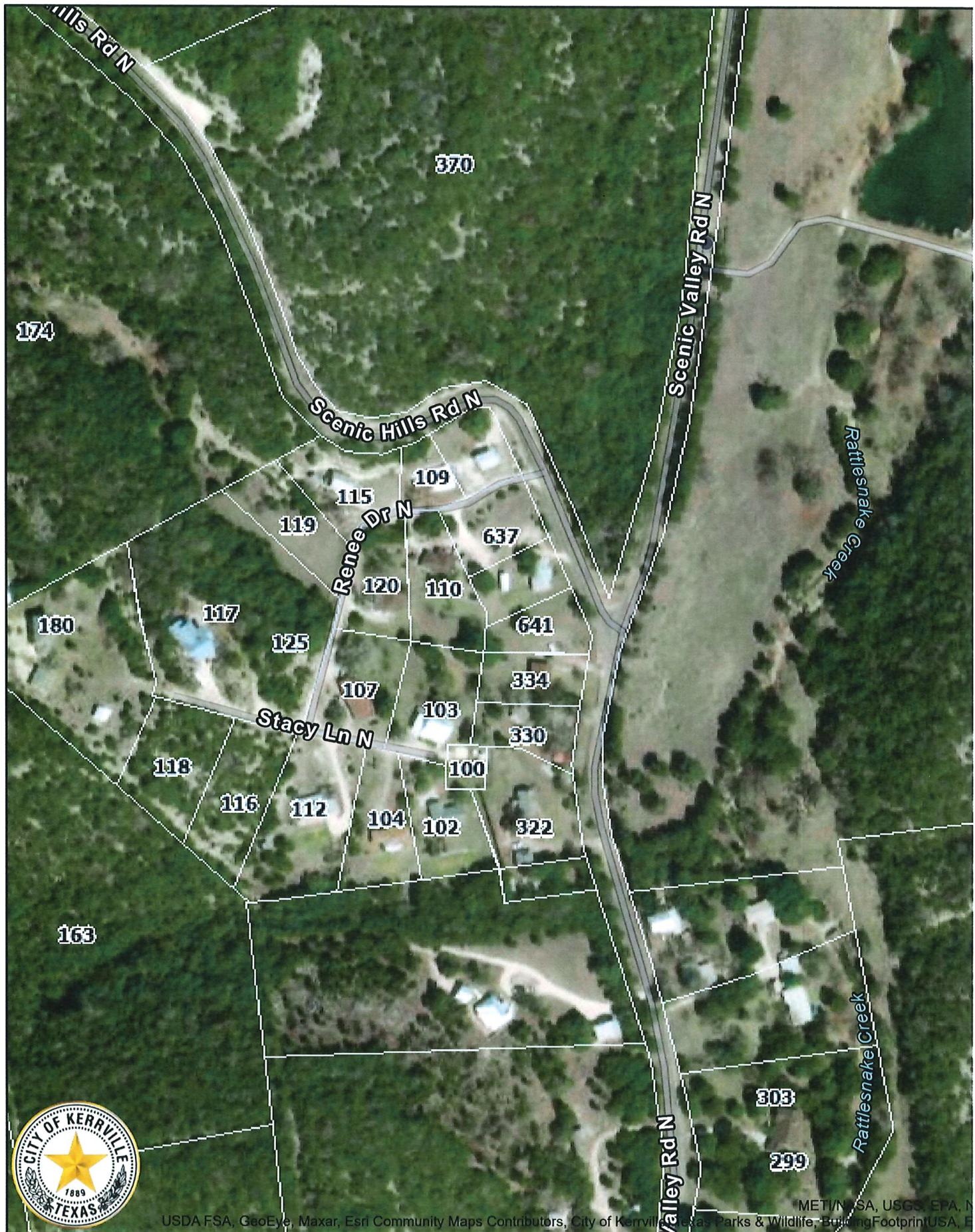
## **City of Kerrville**

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, City of Kerrville is entitled to this

### **Certificate of Convenience and Necessity No. 12928**

to provide continuous and adequate water utility service to that service area or those service areas in Kerr County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 50083 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Kerrville to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.



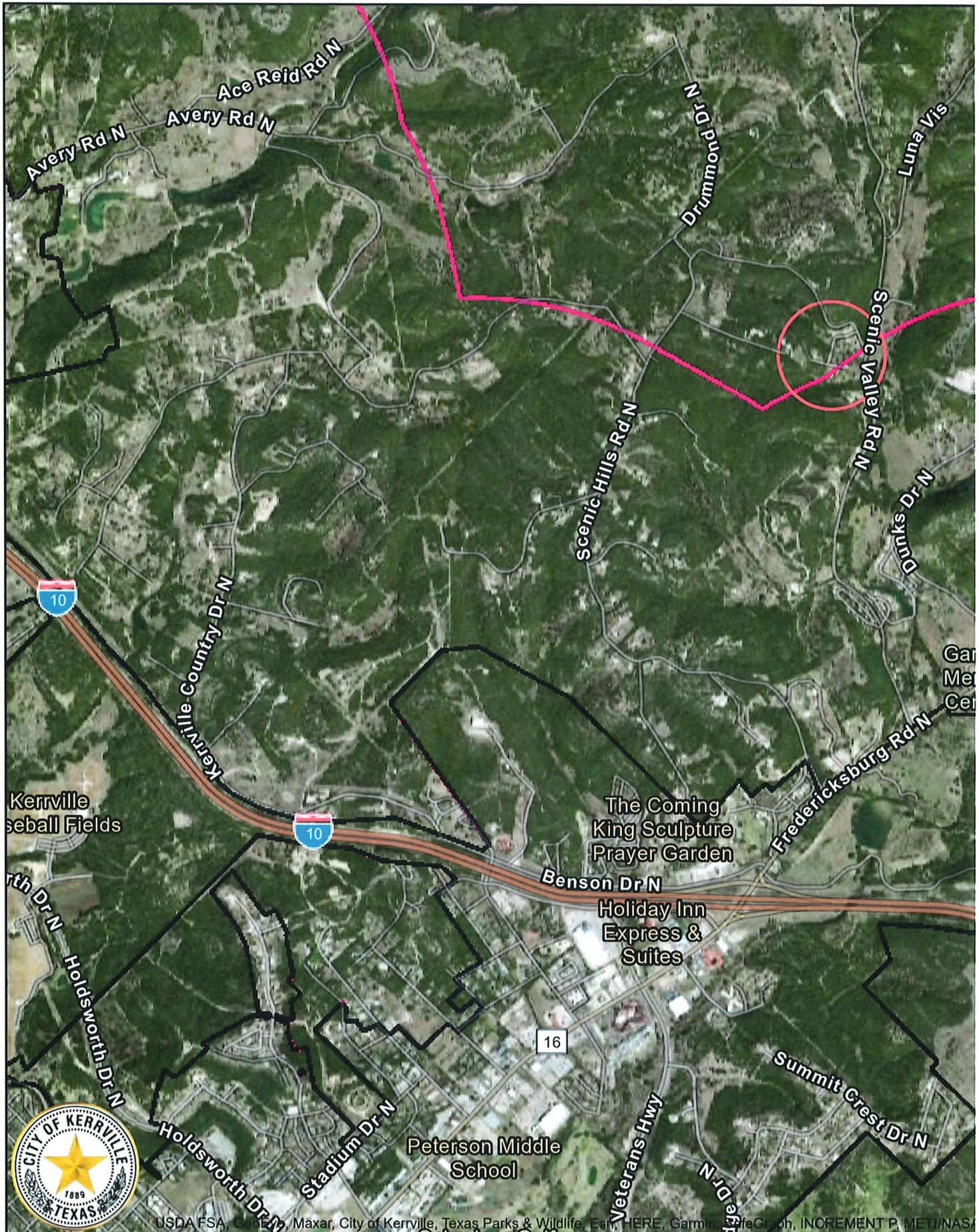
Site Address Point

Current Tax Parcel



Municipal Boundary

Current Tax Parcel



  Municipal Boundary

  Kerrville 1-Mile ETJ



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

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**SUBJECT:** Minutes for the City Council workshop held August 11, 2020.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** May 13, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Minutes\\_Council workshop 8-11-20 4pm.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
0	0	0	N/A

**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

Minutes for the City Council workshop held August 11, 2020 at 4:00 p.m.

**RECOMMENDED ACTION:**

Approve minutes as presented.

**CITY COUNCIL MINUTES  
WORKSHOP, COUNCIL CHAMBERS**

**KERRVILLE, TEXAS  
AUGUST 11, 2020 4:00 PM**

**CALL TO ORDER:** On August 11, 2020, at 4:00 p.m., the Kerrville City Council Workshop was called to order by Mayor Bill Blackburn in City Hall Council Chambers, 701 Main Street.

**COUNCILMEMBERS PRESENT:**

Bill Blackburn	Mayor
Judy Eychner	Mayor Pro Tem, Councilmember Place 3
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
Mike Hayes	City Attorney
Shelley McElhannon	City Secretary
David Knight	Chief of Police

**VISITORS PRESENT:** No citizens were present at the City Council workshop due to the COVID-19 pandemic restrictions and the Governor's Disaster Declaration on March 16, 2020; public participation and engagement was offered through Zoom by telephone, written comments, and by email.

**1. PUBLIC COMMENT:**

No person(s) signed up to provide comment.

**2. INFORMATION AND DISCUSSION:**

2.A. President's Executive Order on Safe Policing for Safe Communities and Local Law Enforcement Compliance.

Mark McDaniel introduced the item. Chief David Knight summarized the executive order, presented information, and responded to questions.

Councilmember Judy Eychner made a motion the City Council adjourn into closed executive session under 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), and 551.087 (business prospect/economic development). Councilmember Delayne Sigerman seconded, and the motion passed 5-0.

**RECESS:** Mayor Blackburn recessed workshop at 4:45 p.m.

**RECONVENE:** The workshop was reconvened in closed executive session by Mayor Blackburn in the upstairs large conference room at 5:10 p.m.

**3. EXECUTIVE SESSION:**

*City Council may adjourn into executive (closed) 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 (deliberations regarding gifts), 551.074 (personnel/officers), 551.076 (deliberation regarding security devices), and 551.087 (business prospect/economic development) of Chapter 551 of the Texas Government Code. Council will discuss the following matters in executive session:*

3.A. Sky Master business development project (551.071, 551.072, 551.087)

The closed executive session adjourned, Council returned to open session at 5:35 p.m.

**4. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION IF ANY**

No action was taken in executive session.

**ADJOURN.**

The workshop was adjourned at 5:35 p.m.

APPROVED BY COUNCIL: \_\_\_\_\_

APPROVED:

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Bill Blackburn, Mayor

ATTEST:

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Shelley McElhannon, City Secretary



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

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**SUBJECT:** Minutes for the City Council meeting held August 11, 2020.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** May 12, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Minutes\\_Countil meeting 8-11-2020 6pm.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
0	0	0	N/A

**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

Minutes for the City Council meeting held August 11, 2020 at 6:00 p.m.

**RECOMMENDED ACTION:**

Approve minutes as presented.

**CITY COUNCIL MINUTES  
REGULAR MEETING**

**KERRVILLE, TEXAS  
AUGUST 11, 2020**

On August 11, 2020, at 6:00 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 Kim Clarkson, followed by the Pledge of Allegiance led by Councilmember Clarkson.

**COUNCILMEMBERS PRESENT:**

Bill Blackburn	Mayor
Judy Eychner	Councilmember, Mayor Pro Tem
Kim Clarkson	Councilmember
Gary Cochrane	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
Amy Dozier	Chief Financial Officer
Kim Meismer	Executive Director for General Operations
Dannie Smith	Fire Chief

**VISITORS PRESENT:** No citizens were present physically at the City Council meeting due to the COVID-19 pandemic restrictions and the Governor's Disaster Declaration on March 16, 2020; public participation and engagement was offered through telephone, written comments, and by email.

**1. PRESENTATIONS:**

1A. Kerrville Kindness award.

Mayor Blackburn presented the San Antonio Food Bank with the Kerrville Kindness award.

The following person spoke by Zoom:

- Mario Obledo, Chief of Government & Public Affairs – San Antonio Food Bank

**2. CONSENT AGENDA:**

Councilmember Gary Cochrane made a motion to approve the consent agenda, and Councilmember Delayne Sigerman seconded. The motion passed 5-0.

2A. Minutes for the Kerrville Employee Benefits Trust meeting held July 28, 2020.

2B. Minutes for the City Council workshop held July 28, 2020.

2C. Minutes for the City Council meeting held July 28, 2020.

**END OF CONSENT AGENDA**

**3. INFORMATION AND DISCUSSION:**

3A. Presentation of the Fiscal Year 2021 Proposed Budget.

Shelley McElhannon read item 3A caption into record.

Mark McDaniel summarized the Fiscal Year 2021 proposed budget, presented information, and responded to questions by City Council.

**4. CONSIDERATION AND POSSIBLE ACTION:**

4A. Resolution No. 17-2020. A resolution setting forth the ad valorem (property) tax rate to be considered for adoption for the 2020 tax year; said rate to be the no-new-revenue tax rate; calling a public hearing prior to the adoption of the fiscal year 2021 budget as required by both the City's Charter and State law.

Shelley McElhannon read the Resolution caption into record.

Amy Dozier presented information and responded to questions.

Citizen Bruce Stracke's emailed comment was read into record by Kim Meismer.

Councilmember Sigerman made a motion to approve Resolution No. 17-2020, seconded by Councilmember Cochrane. The motion passed 5-0.

4B. Briefing and possible action as to the City's ongoing preparedness and response to COVID-19 (Coronavirus).

Shelley McElhannon read item 4B caption into record.

Fire Chief Dannie Smith presented information and responded to questions.

The following person spoke by Zoom:

- Renee Lafaso-Massey

**5. BOARD APPOINTMENTS:**

5A. Appointment of Kerrville – Kerr County Joint Airport Board member, requested by Airport Manager Mary Rohrer.

The following persons spoke by Zoom:

- Mary Rohrer
- Jim Mans
- Scott Schellhase

Councilmember Cochrane made a motion to appoint Scott Schellhase as a member of the Kerrville – Kerr County Joint Airport Board, seconded by Councilmember Judy Eychner. The motion passed 5-0.

**6. EXECUTIVE SESSION:**

City Council did not convene Executive Session.

**7. ACTIONS ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY:**  
No action.

**ADJOURN.** The meeting adjourned at 6:58 p.m.

APPROVED BY COUNCIL: \_\_\_\_\_

APPROVED:

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Bill Blackburn, Mayor

ATTEST:

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Shelley McElhannon, City Secretary



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

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**SUBJECT:** Minutes for the City Council workshop held August 18, 2020.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** May 20, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Minutes\\_Council workshop 8-18-20 10am.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
0	0	0	N/A

**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

Minutes for the City Council workshop held August 18, 2020 at 10:00 a.m.

**RECOMMENDED ACTION:**

Approve minutes as presented.

**CITY COUNCIL MINUTES  
WORKSHOP, COUNCIL CHAMBERS**

**KERRVILLE, TEXAS  
AUGUST 18, 2020 10:00 AM**

**CALL TO ORDER:**

On August 18, 2020, at 10:00 a.m., the Kerrville City Council workshop was called to order by Mayor Pro Tem Judy Eychner in the City Hall Council Chambers, 701 Main Street.

**COUNCILMEMBERS PRESENT:**

Bill Blackburn	Mayor (entered workshop and assembled on Council 10:08 a.m.)
Judy Eychner	Councilmember Place 3, Mayor Pro Tem
Gary Cochrane	Councilmember Place 1
Kim Clarkson	Councilmember Place 2
Delayne Sigerman	Councilmember Place 4

**COUNCILMEMBER ABSENT:**

Bill Blackburn	Mayor (entered workshop and assembled on Council 10:08 a.m.)
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**CITY STAFF PRESENT:**

Mark McDaniel	City Manager
E.A. Hoppe	Deputy City Manager
Mike Hayes	City Attorney
Shelley McElhannon	City Secretary
Amy Dozier	Chief Financial Officer

**PRESENTERS OVER ZOOM:**

Julie Davis	Kerrville Convention and Visitors Bureau
Charlie McIlvain	Kerrville Convention and Visitors Bureau
Theresa Metcalf	Kerrville Economic Development Board
Gil Salinas	Kerrville Economic Development Board

**VISITORS PRESENT:**

No citizens were present at the City Council workshop due to the COVID-19 pandemic restrictions and the Governor's Disaster Declaration on March 16, 2020; public participation and engagement was offered through Zoom by telephone, written comments, and by email.

**1. PUBLIC COMMENTS:**

No citizens provided public comments.

**2. INFORMATION AND DISCUSSION:**

2.A. Kerrville Economic Development Board budget

Theresa Metcalf and Gil Salinas with the Kerrville Economic Development Board presented information and responded to questions over Zoom.

Mayor Bill Blackburn entered workshop and commenced seat on Council at 10:08 a.m.

2.B. Economic Improvement Corporation budget

Amy Dozier presented information. Councilmember Cochrane provided comments from the Economic Improvement Corporation Board.

2.C. Kerrville Convention and Visitors Bureau budget

Charlie McIlvain and Julie Davis with the Kerrville Convention and Visitors Bureau presented information and responded to questions over Zoom.

**ADJOURN.**

The meeting was adjourned at 11:18 a.m.

APPROVED BY COUNCIL: \_\_\_\_\_

APPROVED:

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Judy Eychner, Mayor Pro Tem

ATTEST:

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Shelley McElhannon, City Secretary



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

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**SUBJECT:** Ordinance No. 2020-16. An Ordinance adopting the annual budget for the City of Kerrville, Texas, Fiscal Year 2021; providing appropriations for each City department and fund; containing a cumulative clause; and containing a savings and severability clause.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 18, 2020

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20200825\\_Ordinance\\_2020-16 adopting Citys annual budget FY2021.pdf](#)  
[20200825\\_Public Hearing\\_FY2021 Budget.pdf](#)

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

**PAYMENT TO BE MADE TO:** N/A

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

**SUMMARY STATEMENT:**

The FY2021 Proposed Budget, while austere, continues to advance many of the guiding principles of Kerrville 2050 as well as City Council priorities. Budget highlights include:

- \* Overall revenues of \$58.2M, overall expenditures of \$70.5M
- \* General Fund is balanced with revenues and expenditures of \$28.1M, which is \$698K less than FY2020
- \* Water Fund is balanced with revenues and expenditures of \$13.1M, which is \$27K more than FY2020
- \* Expenditures exceed revenues in other funds primarily due to capital projects that were funded in previous years

- \* The proposed property tax rate is LOWERED from \$0.5400 to \$0.5116 per \$100 of assessed value. The proposed tax rate equals the no-new-revenue tax rate. This marks the 3rd time in 4 years that the tax rate has been lowered and the 11th consecutive year of the same or lower tax rate.
- \* There are NO proposed changes to water or sewer rates
- \* Capital projects to address high priority drainage items
- \* Capital projects for complete renovation of some of the City's worst streets
- \* Additional funding for annual street repairs

Staff began the process of preparing the budget in February 2020. Budget workshops were held with City Council on March 10th, June 16th, and July 21st. A Council Retreat was held on June 12th. The FY2021 Proposed Budget was filed with the City Secretary, placed on the City website and at the Butt-Holdsworth Memorial Library for public viewing on July 31, 2020. Notice of the Public Hearing was published in the Kerrville Daily Times on August 11, 2020 and is running 5 times per day on the City's public access channel. In addition, the notice and all budget information is available on the City's website. The first reading and vote for the ordinance to adopt the FY2021 Proposed Budget will occur following this public hearing. The second ordinance reading and vote will occur on September 8, 2020. The new fiscal year begins on October 1, 2020.

**RECOMMENDED ACTION:**

Approve Ordinance No. 2020-16 on first reading. MUST BE A RECORD VOTE.

**CITY OF KERRVILLE, TEXAS  
ORDINANCE NO. 2020-16**

**AN ORDINANCE ADOPTING THE ANNUAL  
BUDGET FOR THE CITY OF KERRVILLE, TEXAS,  
FISCAL YEAR 2021; PROVIDING  
APPROPRIATIONS FOR EACH CITY  
DEPARTMENT AND FUND; CONTAINING A  
CUMULATIVE CLAUSE; AND CONTAINING A  
SAVINGS AND SEVERABILITY CLAUSE**

**WHEREAS**, in accordance with Sections 8.01 and 8.03 of the City Charter and Section 102.005 of the Texas Local Government Code, the City Manager prepared and filed with the City Secretary on July 31, 2020, a proposed budget for the City of Kerrville, Texas, for the fiscal year beginning October 1, 2020, and ending September 30, 2021 (sometimes referred to as “Fiscal Year 2021” or “FY2021”); and

**WHEREAS**, in accordance with Section 8.03 of the City Charter and Sections 102.006 and 102.065 of the Texas Local Government Code, and after providing the required public notice in the City’s official newspaper not less than two weeks prior to the date of the public hearing, a public hearing was duly held on August 25, 2020, at the time and place set forth in the public notice, said date being more than fifteen days subsequent to the filing of the proposed budget by the City Manager, at which all interested persons were given an opportunity to be heard for or against any item within the proposed budget; and

**WHEREAS**, after due deliberation, study, and consideration of the proposed budget, to include the opportunity of making any amendments to the budget proposed by the City Manager that City Council has determined are (1) warranted by law or (2) in the best interest of the taxpayers of the City, City Council is of the opinion that the Official Budget for the Fiscal Year 2021, with any such amendments described and discussed, should be approved and adopted, in accordance with Section 8.05 of the City Charter and Section 102.007 of the Texas Local Government Code;

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

**SECTION ONE.** The Official Budget of the City of Kerrville, Texas, a copy of which is on file in the office of the City Secretary, referenced by the date and number of this Ordinance, and incorporated herein by reference as if fully set out herein, is adopted, in accordance with Article VIII of the City Charter and Chapter 102 of the Texas Local Government Code.

**SECTION TWO.** The appropriations by department, fund, or other organization unit and the authorization and allocation for each program or activity are hereby deemed to provide a complete financial plan of City funds and activities

for the Fiscal Year 2021, in accordance with Section 8.04 of the City Charter and Chapter 102 of the Texas Local Government Code.

**SECTION THREE.** The following policies, which City Council has previously approved, are included within the budget document referenced in Section One. Some of the policies include amendments, as indicated, which City Council hereby approves. City Council may revise a policy(s) before the adoption of next year's budget, by the adoption of a resolution indicating the revisions. The policies are as follows:

- Financial Management Policy
- Investment Policy
- Purchasing Policy
- Real Estate Policy
- Travel Policy
- Vehicle and Equipment Replacement Policy
- Fee Schedule
- Official Bonds Applicable to Specified Employees

**SECTION FOUR.** By adoption of this Ordinance, City Council is also approving and adopting the City's Holiday Schedule for FY2021, which is attached as **Exhibit A**.

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

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

**THE MEMBERS OF CITY COUNCIL VOTED AS FOLLOWS IN ACCORDANCE WITH THE CITY CHARTER AND STATE LAW:**

**FIRST READING:**

City Secretary to take record vote as follows:

	YES	NO
Bill Blackburn, Mayor	_____	_____
Gary Cochrane, Place 1	_____	_____
Kim Clarkson, Place 2	_____	_____
Judy Eychner, Place 3	_____	_____
Delayne Sigerman, Place 4	_____	_____

**PASSED AND APPROVED ON FIRST READING, this the \_\_\_\_\_ day of \_\_\_\_\_ A.D., 2020.**

**SECOND READING:**

City Secretary to take record vote as follows:

	YES	NO
Bill Blackburn, Mayor	_____	_____
Gary Cochrane, Place 1	_____	_____
Kim Clarkson, Place 2	_____	_____
Judy Eychner, Place 3	_____	_____
Delayne Sigerman, Place 4	_____	_____

**PASSED AND APPROVED ON SECOND AND FINAL READING, this the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2020.**

ATTEST:

\_\_\_\_\_  
Bill Blackburn, Mayor

\_\_\_\_\_  
Shelley McElhannon, City Secretary

\_\_\_\_\_  
APPROVED AS TO FORM:

\_\_\_\_\_  
Michael C. Hayes, City Attorney

# City of Kerrville

## FY2021 Holiday Schedule

Veteran's Day	Wednesday, November 11, 2020
Thanksgiving Day	Thursday, November 26, 2020
Friday After Thanksgiving	Friday, November 27, 2020
Christmas Eve Holiday	Thursday, December 24, 2020
Christmas Day Holiday	Friday, December 25, 2020
New Year's Day	Friday, January 1, 2021
Martin Luther King Day	Monday, January 18, 2021
Good Friday	Friday, April 2, 2021
Memorial Day	Monday, May 31, 2021
Independence Day (observed)	Monday, July 5, 2021
Labor Day	Monday, September 6, 2021
Floating Holiday	Day of Employee Choice (Supervisor Approval Required)

**For Fire Fighters Only**

HB 2113, which amended 142.013, TX. Local Government Code, was passed and signed by the Governor of the State of Texas on June 19, 2009. The new law states: "A fire fighter shall be granted the same number of vacation days and holidays, or days in lieu of vacation days or holidays, granted to other municipal employees, at least one of which shall be designated as September 11th."

The City will designate the regular City floating holiday as the September 11<sup>th</sup> holiday for City of Kerrville Fire Fighters. The September 11<sup>th</sup> holiday may be used on a date other than September 11<sup>th</sup> but must have supervisor approval. Upon separation from the City, a fire fighter will not be paid for an unused September 11<sup>th</sup> holiday.

KERRVILLE



**COMMUNITY STRONG**

# Calendar and Process

- March 10      Budget Workshop**
- June 12      Council Retreat**
- June 16      Budget Workshop**
- July 21      Budget Workshop**
- July 24      Estimated Certified Roll from KCAD**
- July 31      Proposed Balanced Budget Filed**
- Aug 11      Budget Presentation  
Tax Rate Resolution**
- Aug 25      Public Hearing - Budget  
Budget & Tax Rate Ordinances**
- Sept 8      Budget & Tax Rate Ordinances**
- Oct 1      New Year Begins**

# FY2021 Budget Summary

- Reduces property tax rate to state defined “no-new-revenue” tax rate
- Decrease in sales tax projections
- No changes to water or sewer rates
- Lower hotel occupancy tax projections
- No merit raises, no cost of living adjustments, no Public Safety step increases
- Reduced employee count through hiring delays and elimination of 2 vacant positions

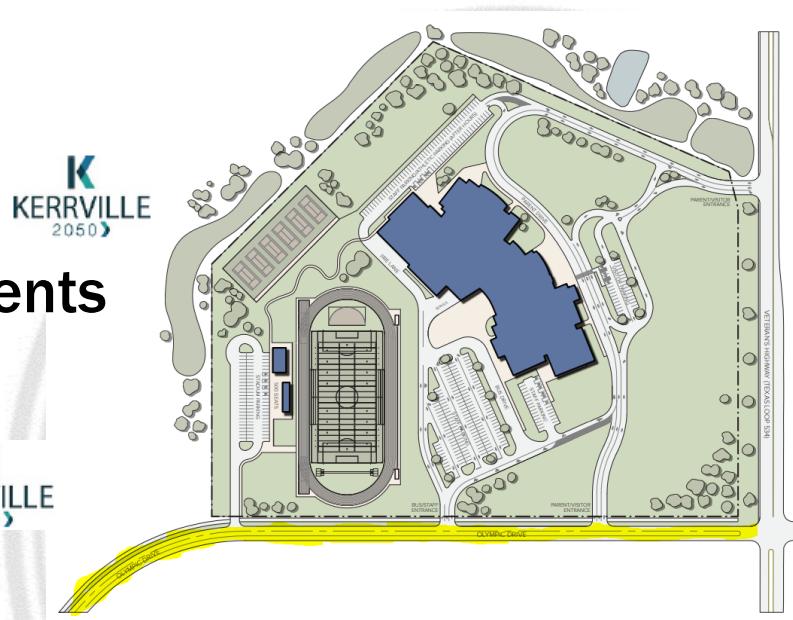
**COMMUNITY**  
**STRONG**



# FY2021 Major Initiatives p. 12

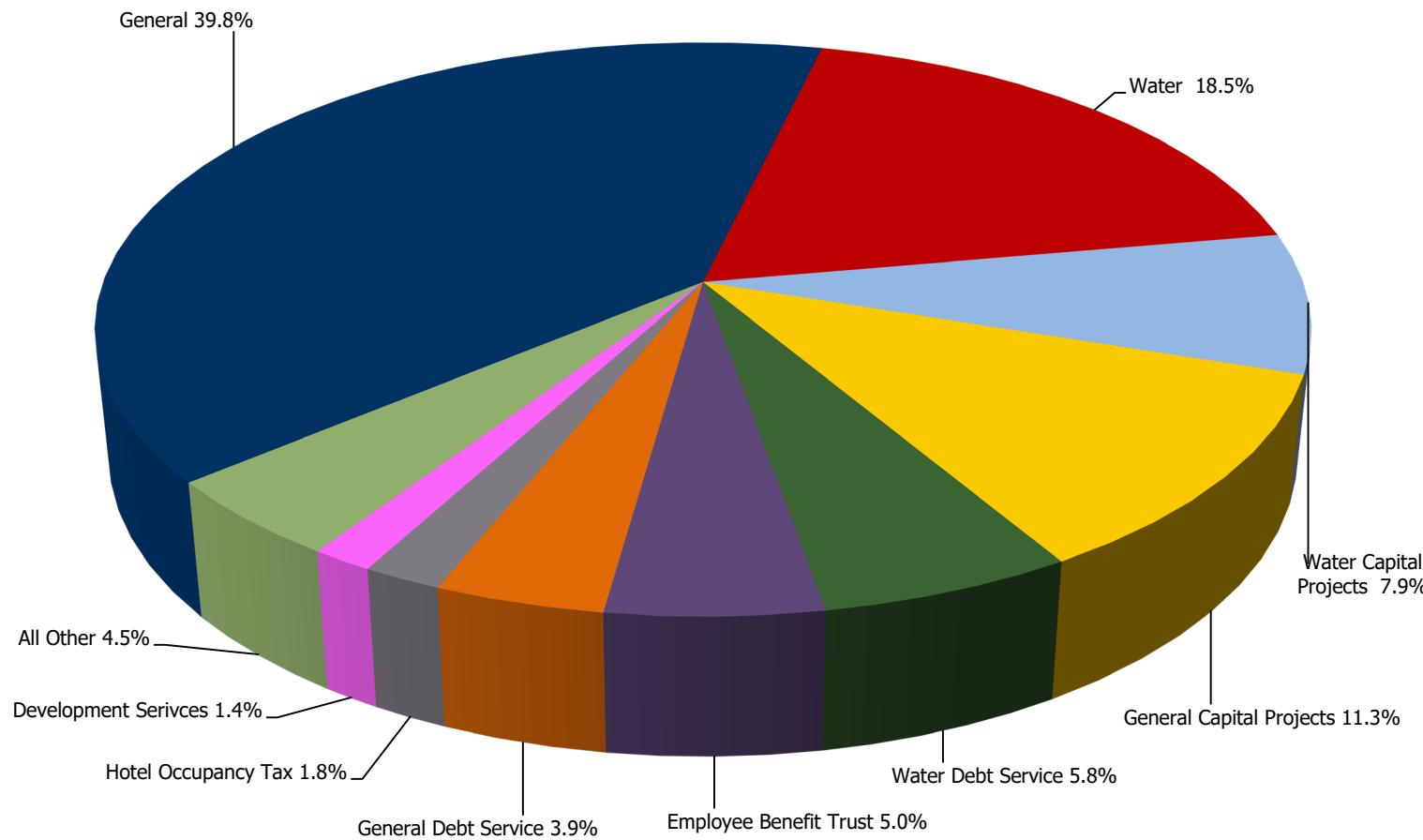
Despite the uncertainty, limited Kerrville 2050 initiatives continue:

1. Significant street reconstruction projects 
2. Priority drainage projects 
3. Completion of the Olympic Drive extension 
4. Additional funding for annual street maintenance 
5. Grant-funded Kerrville Sports Complex improvements
6. Grant-funded Guadalupe River Utility Crossing
7. Donation funded major Library repair projects 
8. Completion of a new Subdivision Code 
9. Development of a major new water well 
10. Ongoing funding for the Neighborhood Enhancement Team



# All Funds – pp. 26, 27, 33

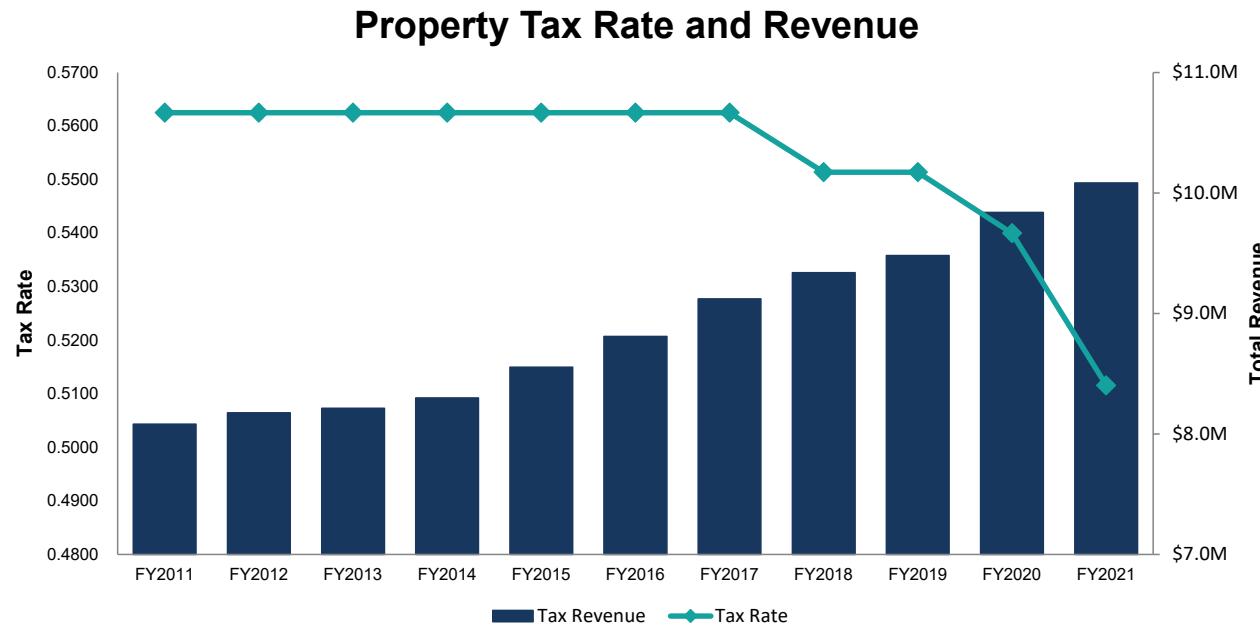
## Citywide - Expenditure by Fund



- Proposed expenditures of \$70.5M, \$61.0M in outside spending (net of interfund transfers)
- General, Water Fund, and Capital Projects account for 78% of spending
- General Fund and Water Fund are balanced and meet reserve policy requirements

# General Fund Revenues - Property Tax -

p. 58

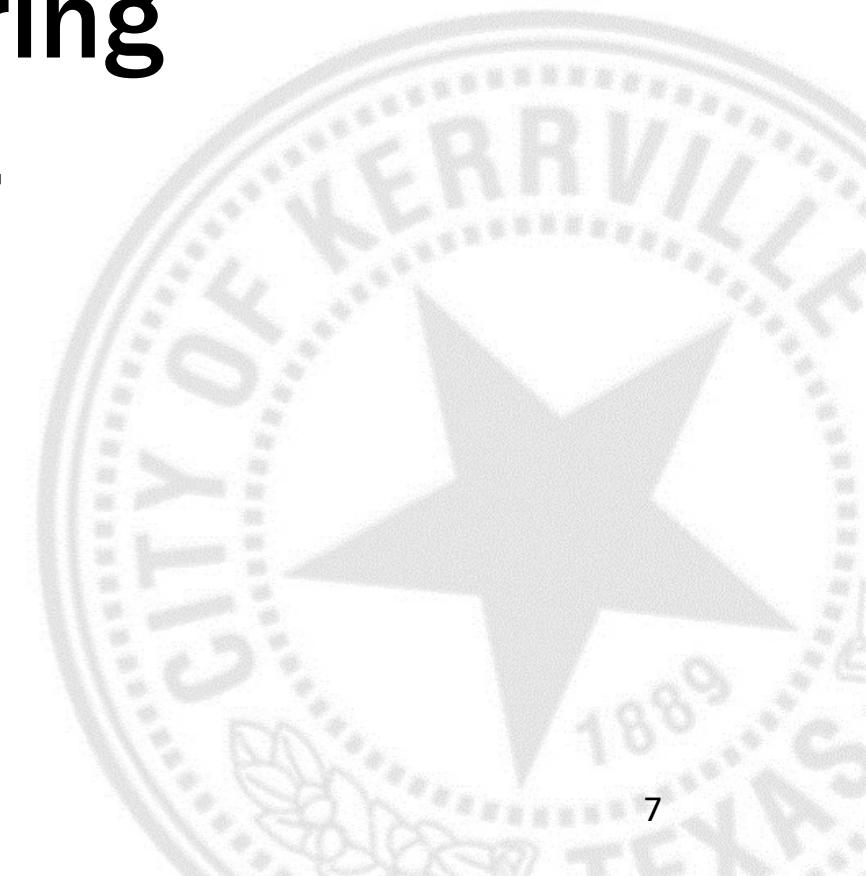


Year	Rate	M&O	I&S
FY2010	0.5625	0.4851	0.0774
FY2011	0.5625	0.4890	0.0735
FY2012	0.5625	0.4890	0.0735
FY2013	0.5625	0.4890	0.0735
FY2014	0.5625	0.4890	0.0735
FY2015	0.5625	0.4890	0.0735
FY2016	0.5625	0.4890	0.0735
FY2017	0.5625	0.4890	0.0735
FY2018	0.5514	0.4779	0.0735
FY2019	0.5514	0.4779	0.0735
FY2020	0.5400	0.4665	0.0735
FY2021	0.5116	0.4381	0.0735

- Rate **REDUCTION** to the no-new-revenue rate of **\$0.5116**
- Net taxable value increased 9.8%
- No-new-revenue rate means increased valuations are offset by decreased rate
- Rate reduction is the 3rd in 4 years
- Rate has stayed the same or decreased for 11 straight years



# **Open Public Hearing on the Budget**



# Next Steps

- First reading and vote on Budget Ordinance
- First reading and vote on Tax Rate Ordinance





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

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**SUBJECT:** Ordinance No. 2020-15. An ordinance authorizing the issuance of up to \$13,685,000 in principal amount of City of Kerrville, Texas General Obligation Refunding Bonds, series 2020; authorizing the approval and execution of all agreements and other instruments and procedures related thereto; delegating authority to certain city officials to select outstanding obligations to be refunded and approve all final terms of the bonds; approving an official statement; and calling certain obligations for redemption.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 18, 2020

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20200825\\_Ordinance\\_2020-15 Refunding\\_Ordinance.pdf](#)  
[20200825\\_Ordinance\\_Refunding Presentation.pdf](#)

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

**PAYMENT TO BE MADE TO:** N/A

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

**SUMMARY STATEMENT:**

The City of Kerrville has an opportunity to refinance its Series 2012 Certificate of Obligation and Series 2013 Certificate of Obligation debt issuances through a refunding. The refunding opportunity was presented to City Council by our Financial Advisor, Colby Eckols, with Hilltop Securities on July 28, 2020.

\$9.9 million in debt was originally issued in 2012 and \$10 million was issued in 2013. The debt was issued with coupon rates that vary from 1.50% to 2.75%. 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 over \$700,000 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 - 3.00%
- \* Maximum True Interest Cost Rate - 2.00%
- \* Maximum Principal Amount of Issue - \$13,685,000
- \* Maximum Maturity Date - August 15, 2033

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 (180 days), 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 September 22, 2020 and a closing date of October 15, 2020. 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 No. 2020-15.

**CITY OF KERRVILLE, TEXAS**  
**ORDINANCE NO. 2020-15**

---

**ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$13,685,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020*; AUTHORIZING THE APPROVAL AND EXECUTION OF ALL AGREEMENTS AND OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION**

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**DATE OF APPROVAL: AUGUST 25, 2020**

## TABLE OF CONTENTS

Recitals	.....	1
Section One:	Amount and Purpose of the Bonds; Delegation of Authority to Certain City Officials .....	5
Section Two:	Designation, Date, Denominations, Numbers, and Maturities of the Bonds .....	6
Section Three:	Interest .....	6
Section Four:	Characteristics of the Bonds .....	6
Section Five:	Form of Bond .....	10
Section Six:	Interest and Sinking Fund; Tax Levy; Security Interest .....	18
Section Seven:	Investments .....	19
Section Eight:	Defeasance of Bonds .....	19
Section Nine:	Damaged, Mutilated, Lost, Stolen, or Destroyed Bonds .....	20
Section Ten:	Custody, Approval, and Registration of Bonds; Bond Counsel's Opinion; CUSIP Numbers; and Other Matters .....	21
Section Eleven:	Covenants Regarding Tax Exemption of Interest on the Bonds ....	22
Section Twelve:	Compliance with Rule 15c2-12 .....	24
Section Thirteen:	Sale of Bonds .....	28
Section Fourteen:	Approval of Official Statement .....	28
Section Fifteen:	Approval of Deposit Agreement; Refunding of Refunded Obligations .....	28
Section Sixteen:	Defeasance and Redemption of Refunded Obligations .....	29
Section Seventeen:	Authority of Officer to Execute Documents and Approve Changes .....	29
Section Eighteen:	Ordinance a Contract; Amendments .....	30
Section Nineteen:	Interested Parties .....	30

Section Twenty:	Remedies in Event of Default .....	30
Section Twenty-One:	Appropriation to Pay Interest.....	31
Section Twenty-Two:	Incorporation of Recitals.....	31
Section Twenty-Three:	Severability .....	31
Section Twenty Four:	Effective Date .....	31

## Signatures

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-1	Form of Notice of Defeasance and Redemption Relating to Series 2012 Certificates
Exhibit D-2	Form of Notice of Defeasance and Redemption Relating to Series 2013 Certificates

**ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$13,685,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020*; AUTHORIZING THE APPROVAL AND EXECUTION OF ALL AGREEMENTS AND OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION**

**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 November 5, 2019; and

**WHEREAS**, among numerous series of 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 obligations as they become due, within the limits permitted by law, there are specifically outstanding the following series of obligations:

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2012, dated February 1, 2012, maturing on August 15 in the years 2021 through 2032, currently outstanding in the aggregate principal amount of \$6,570,000 (the "Series 2012 Certificates"); and*

*City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2013, dated January 15, 2013, maturing on August 15 in the years 2021 through 2033, currently outstanding in the aggregate principal amount of \$6,960,000 (the "Series 2013 Certificates"); and*

**WHEREAS**, pursuant to the ordinances which authorized the Series 2012 Certificates and the Series 2013 Certificates, the Series 2012 Certificates and the Series 2013 Certificates maturing on or after August 15, 2021 are subject to redemption at the option of the City on August 15, 2020 and on any date thereafter; and

**WHEREAS**, the City now desires to authorize the refunding of all or a portion of the Series 2012 Certificates and the Series 2013 Certificates maturing on and after August 15, 2021, which are more fully described as follows:

**SERIES 2012 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (AUGUST 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2021	495,000	495,000	2.000	MD9
2022	510,000	510,000	2.500	ME7
2023	520,000	520,000	2.500	MF4
2024	535,000	535,000	2.500	MG2
2025	545,000	545,000	2.500	MH0
2026	560,000	560,000	2.500	MJ6
2027	575,000	575,000	2.500	MK3
2028	580,000	580,000	2.500	ML1
2029	600,000	600,000	2.500	MM9
2030	615,000	615,000	2.300	MN7
***	***	***	***	***
2032	<u>1,035,000</u>	<u>1,035,000</u>	2.500	MQ0
Totals	<u>6,570,000</u>	<u>6,570,000</u>	***	***

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**SERIES 2013 CERTIFICATES ELIGIBLE TO BE REFUNDED**

<b>MATURITY (AUGUST 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2021	480,000	480,000	1.500	MY3
2022	485,000	485,000	1.500	MZ0
2023	490,000	490,000	1.750	NA4
2024	500,000	500,000	2.000	NB2
2025	510,000	510,000	2.000	NC0
2026	520,000	520,000	2.000	ND8
2027	530,000	530,000	2.000	NE6
2028	540,000	540,000	2.250	NF3
2029	555,000	555,000	2.250	NG1
2030	565,000	565,000	2.500	NH9
2031	580,000	580,000	2.500	NJ5
2032	595,000	595,000	2.750	NK2
2033	<u>610,000</u>	<u>610,000</u>	2.750	NL0
Totals	<u>6,960,000</u>	<u>6,960,000</u>	***	***

**WHEREAS**, pursuant to the provisions of Section 1207.007(a)(4), Texas Government Code, the City now desires to delegate to a "Designated Officer" (as defined in Section 1(a) below) the authority, individually or collectively, to select the specific maturities and principal amounts of the Series 2012 Certificates and/or the Series 2013 Certificates described in the preceding recital to be refunded with proceeds of the bonds authorized pursuant to this Ordinance and effect the sale of such bonds; and

**WHEREAS**, the Series 2012 Certificates and/or the Series 2013 Certificates selected by a Designated Officer to be refunded as authorized by Section 1(c) of this Ordinance are hereafter referred to as the "**Refunded Obligations**"; and

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

**WHEREAS**, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the City to enter into an escrow agreement with 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**, U.S. BANK NATIONAL ASSOCIATION serves as the paying agent/registrar for the Series 2012 Certificates and the Series 2013 Certificates, and the City Council of the City (the "*City Council*") desires to provide for depositing directly with U.S. Bank National Association an amount sufficient to provide for the payment and redemption of the Refunded Obligations in accordance with Chapter 1207; 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 gross debt service savings and 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 4.50% 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 and/or the Chief Financial Officer 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 GENERAL OBLIGATION INDEBTEDNESS, AND TO PAY FOR COSTS OF ISSUANCE.**

*(b) Delegation of Final Terms.* As authorized by Section 1207.007, Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the City authorized to act on behalf of the City to effect the sale of the Bonds and establish the terms and details related to the issuance and sale of the Bonds including the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$13,685,000 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 3.00% of the principal amount of the Refunded Obligations), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *August 15, 2033*), 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 2.00% per annum), the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to any mandatory sinking fund redemption provisions for any maturity, and all other matters relating to the issuance, sale and delivery of the Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the City, is further authorized to (i) complete and attach *Exhibit A* of this Ordinance, (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) and to approve and execute a Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar (defined herein), upon consultation with the City's Bond Counsel, and (iv) 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 firm or firms shall be named in *Exhibit A* of this Ordinance).

*(c) Delegation of Authority to Select Series 2012 Certificates and/or Series 2013 Certificates for Refunding.* As authorized by Section 1207.007(a)(4), Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the City, is hereby authorized to select all or any portion of the Series 2012 Certificates and/or the Series 2013 Certificates maturing on and after August 15, 2021 to be refunded with proceeds of the Bonds and to evidence the selection of such Series 2012 Certificates and/or Series 2013 Certificates by including in *Exhibit A* a description of the maturities and the principal amount of such maturities

of the Series 2012 Certificates and/or the Series 2013 Certificates to be refunded with the proceeds of the Bonds.

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

(e) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to this Section and elsewhere in this Ordinance shall expire on February 24, 2021.

**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 2020**, 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 BOND set forth in this Ordinance to their respective dates of maturity, or prior redemption, 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 BOND 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 U.S. Bank National Association, Houston, Texas (the "**Paying Agent/Registrar**"). 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 BOND 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 BOND 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 redeemed prior to their scheduled maturities, if any, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal interest, and (viii) 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 BOND 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 BOND. 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 BOND 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 BOND.** 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 2020

<u>INTEREST RATE</u>	<u>DATE OF SERIES</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
_____ %	_____, 2020	August 15, 20____	492422 _____

### REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

*ON THE MATURITY DATE* specified above, the **CITY OF KERRVILLE, TEXAS** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Principal Amount set forth above, and to pay interest thereon from the date of initial delivery of this Bond as shown on the records of the Paying Agent/Registrar defined and identified below, at the Interest Rate per annum specified above, on February 15, 2021, and semiannually on each February 15 and August 15 thereafter to the Maturity Date specified above or the date of redemption prior to stated maturity; 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 Houston, Texas) of **U.S. BANK NATIONAL ASSOCIATION**, 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 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 \_\_\_\_\_, 2020, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ \_\_\_\_\_ **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE CITY'S GENERAL OBLIGATION INDEBTEDNESS AND TO PAY FOR COSTS OF ISSUANCE.**

**ON AUGUST 15, 20\_, OR ON ANY DATE THEREAFTER**, the Bonds scheduled to mature on and after August 15, 20\_, may be redeemed prior to their scheduled maturities, at the option of the City, 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.

**ADDITIONALLY, THE BONDS MATURING** on August 15 in the years 20<sub>1</sub>, 20<sub>2</sub>, and 20<sub>3</sub> (the "Term Bonds") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20<sub>1</sub></b>		<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20<sub>2</sub></b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>	<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
August 15, 20 <sub>1</sub>		August 15, 20 <sub>1</sub>	
August 15, 20 <sub>1</sub>		August 15, 20 <sub>1</sub>	
August 15, 20 <sub>1</sub> (maturity)		August 15, 20 <sub>1</sub> (maturity)	
<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20<sub>2</sub></b>		<b>TERM BONDS MATURING</b> <b>AUGUST 15, 20<sub>3</sub></b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>	<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
August 15, 20 <sub>2</sub>		August 15, 20 <sub>2</sub>	
August 15, 20 <sub>2</sub>		August 15, 20 <sub>2</sub>	
August 15, 20 <sub>2</sub> (maturity)		August 15, 20 <sub>2</sub> (maturity)	

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

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

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

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

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

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

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

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

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

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

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

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(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

**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

**U.S. BANK NATIONAL ASSOCIATION**  
Houston, 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

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

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

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

Signature Guaranteed:

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

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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 the date of initial delivery of this Bond as shown on the records of the Paying Agent/Registrar defined and identified below, at the respective Interest Rates per annum specified below, payable on February 15, 2021, and semiannually on each February 15 and August 15

thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

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

*[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, together with any premium on the Bonds that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, shall be deposited to the credit of the Interest and Sinking Fund. In addition, all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. For each fiscal year while any of the Bonds or interest thereon are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund created by this Ordinance. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) *Security Interest.* Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by

the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 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 Deposit 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. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of the escrow agent under such Future Deposit Agreement to receive payment when due on the Defeasance Securities. 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 Deposit 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 Bonds 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 ninety days or less, until such proceeds are needed for the purpose for which the Bonds are issued,

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

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

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

(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 ninety 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 covenants set forth in Section 11(a)(9) above, 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 Obligations 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 Chief Financial Officer 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) *Disposition of Projects.* 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 on the Bonds.

(e) *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.

(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 (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) 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.

**"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 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. Any financial statements so to be provided 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 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 required time, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

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

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

(c) *Event Notices*.

The City shall file notice of the following events with respect to the Bonds to the MSRB through EMMA in a timely manner and not more than 10 business days after occurrence of the event:

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, 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 status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of the holders of the Bonds, 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 the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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;
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.

The City shall file notice with the MSRB, 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.

(e) *Format, Identifying Information, and Incorporation by Reference.* All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to subsection (b) of this Section 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) available to the public on the MSRB's Internet Web site or filed with the SEC.

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

**SECTION FIFTEEN. REFUNDING OF REFUNDED OBLIGATIONS.** Concurrently with the initial delivery of the Bonds the City shall deposit with **U.S. BANK NATIONAL ASSOCIATION**, as the paying agent/registrar for the Refunded Obligations (the "**Refunded Obligations Paying Agent**"), an amount from the proceeds of the sale of the Bonds and other available funds of the City, if required, that is sufficient to provide for the payment and redemption of the Refunded Obligations, all in accordance with Chapter 1207. Each Designated Officer is hereby authorized to individually

approve and execute an appropriate escrow or deposit agreement between the City and the Refunded Obligations Paying Agent prepared by the City's Bond Counsel, or provide written instructions to the Refunded Obligations Paying Agent, with respect to the use of such funds to pay and redeem the Refunded Obligations.

**SECTION SIXTEEN. DEFEASANCE AND REDEMPTION OF REFUNDED OBLIGATIONS.** There is attached to this Ordinance as Exhibit D-1 and Exhibit D-2, and made a part hereof for all purposes, a *NOTICE OF DEFEASANCE AND REDEMPTION* for each Series of the Refunded Obligations. (Each Designated Officer and the City Secretary are authorized to substitute a revised Exhibit D-1 and Exhibit D-2 to reflect the actual maturities and principal amount of such maturities of the Refunded Obligations that are selected by a Designated Officer to be refunded.) The City hereby exercises its option to redeem prior to maturity the Refunded Obligations described in the respective *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 adoption of this Ordinance, and in no event less than 30 days prior to the date set for redemption, a copy of each *NOTICE OF DEFEASANCE AND REDEMPTION* shall be sent to all registered owners of the respective Series of 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 Series of the Refunded Obligations. In addition, as soon as practicable after the issuance and delivery of the Bonds, a copy of each *NOTICE OF DEFEASANCE AND REDEMPTION* shall be filed with the MSRB through EMMA in order to comply with the City's requirements under the Rule to provide notice of the occurrence of certain material events.

**SECTION SEVENTEEN. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The Mayor, Mayor Pro-Tem, City Manager, City Secretary and Chief Financial Officer of the City 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 Official Statement, the Paying Agent/Registrar Agreement, the Deposit Agreement, and the Purchase Contract. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro-Tem, City Manager, City Secretary, and Chief Financial Officer of the City, and Bond Counsel to the City, are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Chief Financial Officer 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 consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 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.** The City Council hereby finds that there are and will be sufficient funds available to pay the principal and interest coming due on February 15, 2021, and August 15, 2021, and the City Council hereby directs the City Manager and the Chief Financial Officer of the City to transfer on or before such date available funds to the Interest and Sinking Fund in an amount sufficient to pay such interest coming due on such date.

**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 25<sup>TH</sup> DAY OF AUGUST, 2020, AT  
WHICH MEETING A QUORUM WAS PRESENT.**

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Mayor, City of Kerrville, Texas

ATTEST:

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City Secretary  
City of Kerrville, Texas

(City Seal)

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Execution Page to the Ordinance Authorizing the Issuance of  
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2020

## EXHIBIT A

### FORM OF APPROVAL CERTIFICATE

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

I, the \_\_\_\_\_ of the **CITY OF KERRVILLE, TEXAS** (the "*City*"), pursuant to authority granted by the provisions of Section 1207.007, Texas Government Code, and by the City Council of the City in Sections 1(b) and 1(c) of an ordinance approved by the City Council on August 25, 2020, 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 2020** (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 \_\_\_\_\_, 2020, and shall be issued in the aggregate principal amount of \$\_\_\_\_\_.

4. **PRINCIPAL AMOUNTS AND INTEREST RATES.** The Bonds shall (i) mature on the dates and in the respective principal amounts, and (ii) bear interest from [\_\_\_\_\_, 2020,] [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 2020**

<b>MATURITY DATE</b>	<b>PRINCIPAL AMOUNT (\$)</b>	<b>INTEREST RATE (%)</b>	<b>MATURITY DATE</b>	<b>PRINCIPAL AMOUNT (\$)</b>	<b>INTEREST RATE (%)</b>
2021			2028		
2022			2029		
2023			2030		
2024			2031		
2025			2032		
2026			2033		
2027					

5. **INTEREST ON BONDS.** As provided in Section 4 of the Ordinance and in the FORM OF BOND 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, 2021, until stated maturity or redemption.

6. **OPTIONAL REDEMPTION.** The Bonds maturing on or after August 15, 2020, may be redeemed prior to their scheduled maturities, at the option of the City on August 15, 2020, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

7. **MANDATORY SINKING FUND REDEMPTION.** The Bonds maturing on August 15 in the years 2020, 2021, and 2022 (the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

<b>TERM BONDS MATURING</b> <b>AUGUST 15, 2020</b>		<b>TERM BONDS MATURING</b> <b>AUGUST 15, 2021</b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>	<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
August 15, 2020		August 15, 2021	
August 15, 2020		August 15, 2021	
August 15, 2020 (maturity)		August 15, 2021 (maturity)	
<b>TERM BONDS MATURING</b> <b>AUGUST 15, 2022</b>			
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>		
August 15, 2022			
August 15, 2022			
August 15, 2022 (maturity)			

8. **INITIAL PURCHASER AND PURCHASE PRICE.** The following firm(s) has/have been selected to serve as the underwriter(s) of the Bonds to purchase the Bonds pursuant to a negotiated underwriting:

\_\_\_\_\_  
(the "Underwriter")

The Bonds shall be sold to the Underwriter(s) at a price equal to \$\_\_\_\_\_ (which amount

is equal to par, plus an original issue premium on the Bonds of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_), [plus] [and no] accrued interest. The Initial Bond shall be registered in the name of\_\_\_\_\_.

9. **APPROVAL OF SERIES 2012 CERTIFICATES AND SERIES 2013 CERTIFICATES FOR REFUNDING.** Pursuant to Section 1(c) of the Ordinance, the City Council authorized the undersigned to select all or a portion of the outstanding Series 2012 Certificates and/or Series 2013 Certificates maturing on and after August 15, 2021, to be refunded with proceeds of the Bonds. In accordance with such authority, and after consulting with the City's Financial Advisor, I hereby determine and approve [all of the outstanding Series 2012 Certificates and Series 2013 Certificates maturing on and after August 15, 2021,] [the following maturities and principal amounts of the Series 2012 Certificates and Series 2013 Certificates] to be refunded with proceeds of the Bonds, which are further described as follows:

**SERIES 2012 CERTIFICATES TO BE REFUNDED**

<b><u>MATURITY (AUGUST 15)</u></b>	<b><u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u></b>	<b><u>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</u></b>	<b><u>STATED INTEREST RATE (%)</u></b>	<b><u>CUSIP No. (492422)</u></b>
2021	495,000	495,000	2.000	MD9
2022	510,000	510,000	2.500	ME7
2023	520,000	520,000	2.500	MF4
2024	535,000	535,000	2.500	MG2
2025	545,000	545,000	2.500	MH0
2026	560,000	560,000	2.500	MJ6
2027	575,000	575,000	2.500	MK3
2028	580,000	580,000	2.500	ML1
2029	600,000	600,000	2.500	MM9
2030	615,000	615,000	2.300	MN7
***	***	***	***	***
2032	<u>1,035,000</u>	<u>1,035,000</u>	2.500	MQ0
<b>Totals</b>	<b><u>6,570,000</u></b>	<b><u>6,570,000</u></b>	<b>***</b>	<b>***</b>

**SERIES 2013 CERTIFICATES TO BE REFUNDED**

<b>MATURITY (AUGUST 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2021	480,000	480,000	1.500	MY3
2022	485,000	485,000	1.500	MZ0
2023	490,000	490,000	1.750	NA4
2024	500,000	500,000	2.000	NB2
2025	510,000	510,000	2.000	NC0
2026	520,000	520,000	2.000	ND8
2027	530,000	530,000	2.000	NE6
2028	540,000	540,000	2.250	NF3
2029	555,000	555,000	2.250	NG1
2030	565,000	565,000	2.500	NH9
2031	580,000	580,000	2.500	NJ5
2032	595,000	595,000	2.750	NK2
2033	<u>610,000</u>	<u>610,000</u>	2.750	NL0
Totals	<u>6,960,000</u>	<u>6,960,000</u>	***	***

10. **DETERMINATION OF DEBT SERVICE SAVINGS.** Pursuant to the Ordinance, the City Council authorized the issuance of the Bonds in order to "achieve a gross debt service savings and 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 3.00% 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 \$\_\_\_\_\_ (which amount is equal to\_\_\_\_\_ % of the principal amount of the Refunded Obligations), after taking into account [excess proceeds of the Bonds][a contribution by the City] in the amount of \$\_\_\_\_\_.

11. **DETERMINATION OF TRUE INTEREST COST RATE.** Pursuant to the Ordinance, the City Council authorized the undersigned, as a Designated Officer, to determine "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 of 2.00%) . . ." 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 true interest cost rate 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 \_\_\_\_\_ OF THE CITY OF KERRVILLE, TEXAS  
ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2020 IN ACCORDANCE WITH SECTIONS 1(b) AND 1(c)  
OF THE ORDINANCE.**

---

Chief Financial Officer, City of Kerrville, Texas

Signature Page to Certificate Approving Final Terms of the  
City of Kerrville, Texas General Obligation Refunding Bonds, Series 2020

## **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 Chief Financial Officer 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 Deposit Agent to ensure compliance with the applicable provisions of the Deposit 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 twelve 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 Tables 1 through 6 and 8 through 15 in the Official Statement, to be provided within six months after the end of each fiscal year in and after 2020.

**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-1

## 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 2012**  
**(Maturing on August 15 in the years 2021 - 2032)**

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "*City*"), in Kerr County, Texas, has deposited cash 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 2012**, dated February 1, 2012 (the "*Refunded Obligations*"):

**CITY OF KERRVILLE, TEXAS**

<b>MATURITY (AUGUST 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT BEING REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2021	495,000	495,000	2.000	MD9
2022	510,000	510,000	2.500	ME7
2023	520,000	520,000	2.500	MF4
2024	535,000	535,000	2.500	MG2
2025	545,000	545,000	2.500	MH0
2026	560,000	560,000	2.500	MJ6
2027	575,000	575,000	2.500	MK3
2028	580,000	580,000	2.500	ML1
2029	600,000	600,000	2.500	MM9
2030	615,000	615,000	2.300	MN7
***	***	***	***	***
2032	1,035,000	1,035,000	2.500	MQ0

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on \_\_\_\_\_, 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 should be submitted to the following address:

U.S. Bank  
Global Corporate Trust  
111 Fillmore Ave E.  
St. Paul, MN 55107  
For Questions: 1-800-934-6

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

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

## EXHIBIT D-2

### FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

#### NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the  
**CITY OF KERRVILLE, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013**  
(Maturing on August 15 in the years 2021 - 2033)

NOTICE IS HEREBY GIVEN that the City of Kerrville, Texas (the "*City*"), in Kerr County, Texas, has deposited cash 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 2013**, dated January 15, 2013 (the "*Refunded Obligations*"):

<b>CITY OF KERRVILLE, TEXAS</b> <b>COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION BONDS, SERIES 2013</b>				
<b>MATURITY (AUGUST 15)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT BEING REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>	<b>CUSIP No. (492422)</b>
2021	480,000	480,000	1.500	MY3
2022	485,000	485,000	1.500	MZ0
2023	490,000	490,000	1.750	NA4
2024	500,000	500,000	2.000	NB2
2025	510,000	510,000	2.000	NC0
2026	520,000	520,000	2.000	ND8
2027	530,000	530,000	2.000	NE6
2028	540,000	540,000	2.250	NF3
2029	555,000	555,000	2.250	NG1
2030	565,000	565,000	2.500	NH9
2031	580,000	580,000	2.500	NJ5
2032	595,000	595,000	2.750	NK2
2033	610,000	610,000	2.750	NL0

NOTICE IS FURTHER GIVEN that all of the Refunded Obligations have been called for redemption on \_\_\_\_\_, 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 should be submitted to the following address:

U.S. Bank  
Global Corporate Trust  
111 Fillmore Ave E.  
St. Paul, MN 55107

For Questions: 1-800-934-6802

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.



## Contact

### Anne Burger Entrekin

*Regional Managing Director*

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*Director*

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*Analyst*

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Dallas, Texas 75270  
Direct: 214.859.1731

## Proposed Refunding Opportunity



August 25, 2020

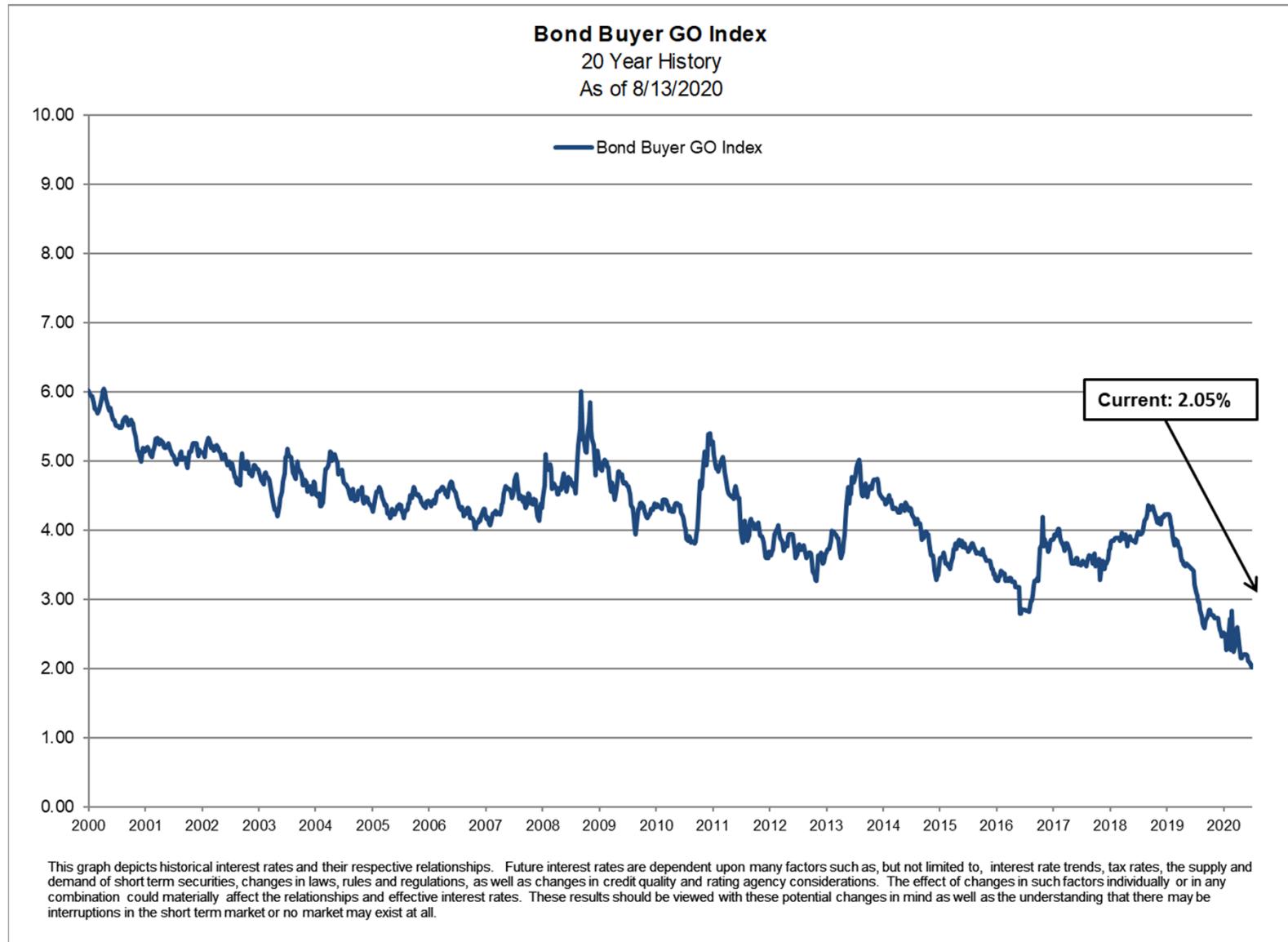
**Kerrville, Texas**

# Market Update

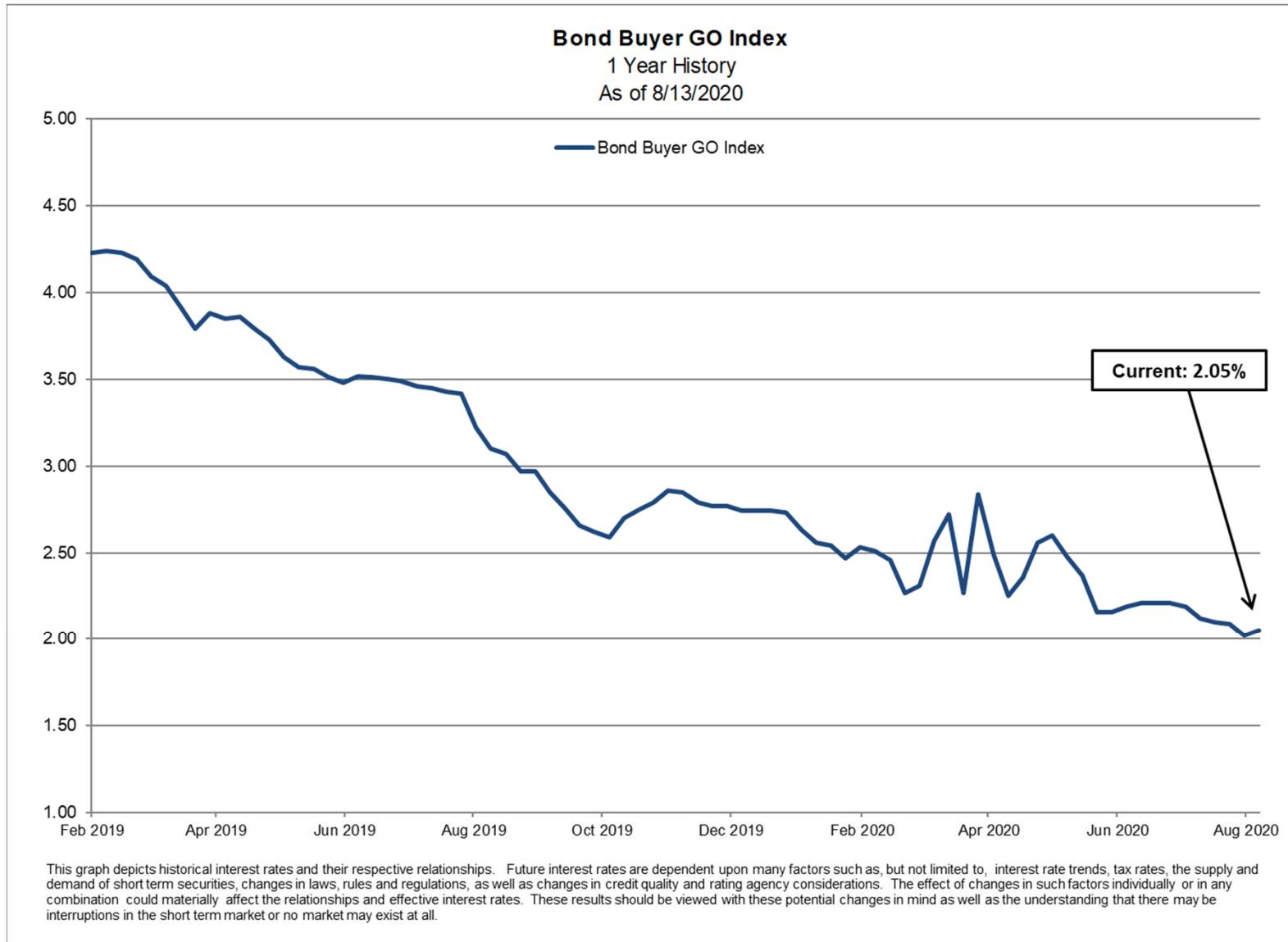
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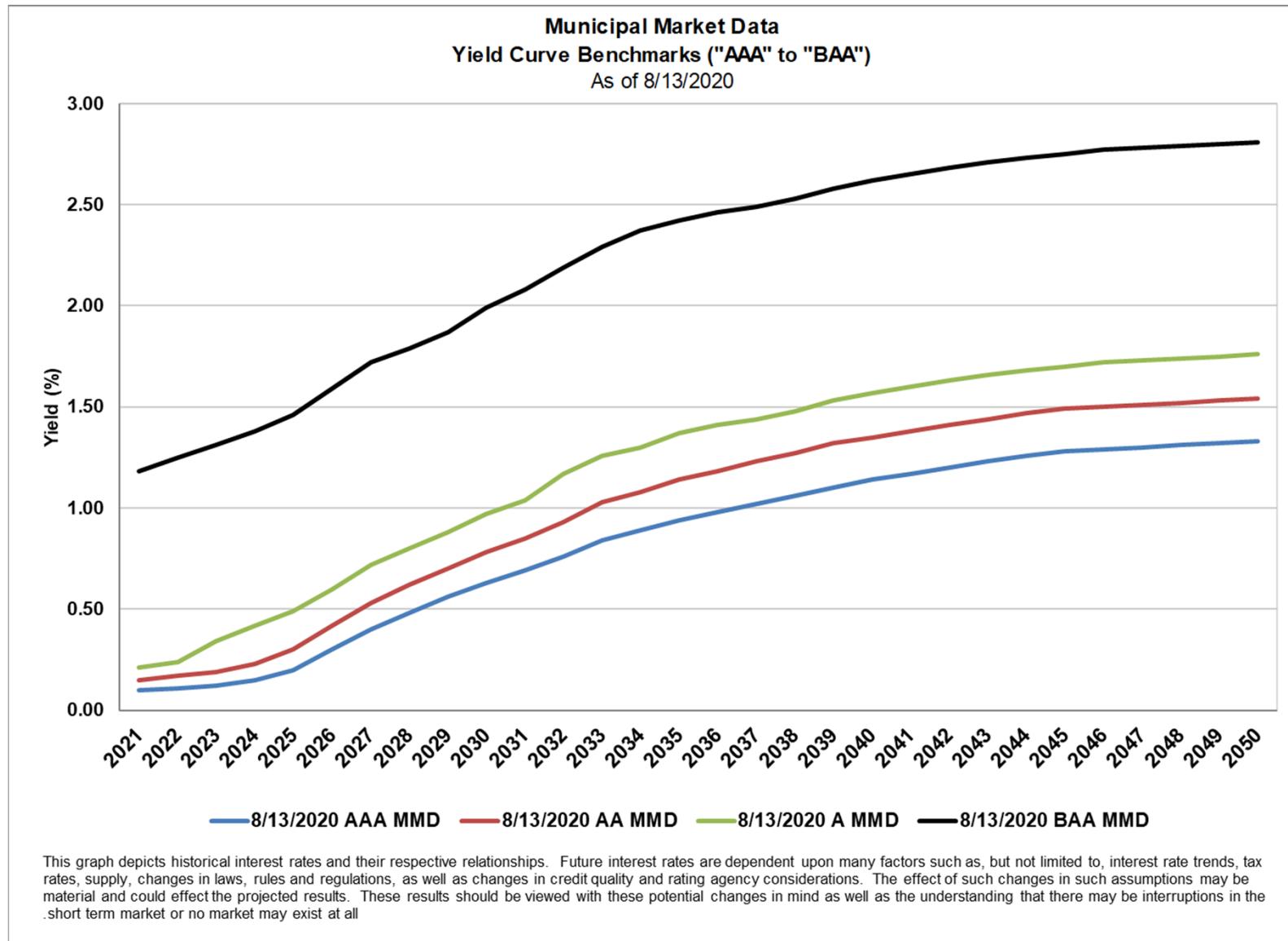
## Bond Buyer's Index of 20 Municipal Bonds



## Bond Buyer's Index of 20 Municipal Bonds



## MMD Yield Curve



# Summary of Callable Bonds

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## Refunding Opportunity: Summary of Callable Bonds

# Proposed Refunding Bonds, Series 2020

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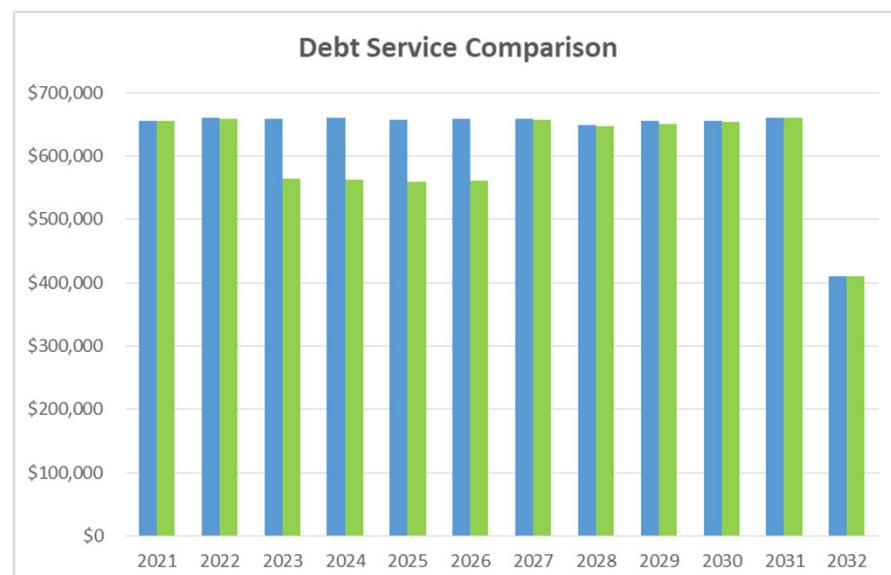


# Proposed General Obligation Refunding Bonds, Series 2020 Certificates of Obligation, Series 2012 - Structured Savings

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2020 - COs Series 2012 Structured Savings			
Date	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2021	\$655,545	\$655,417	\$128
9/30/2022	660,645	659,000	1,645
9/30/2023	657,895	563,500	94,395
9/30/2024	659,895	561,750	98,145
9/30/2025	656,520	559,250	97,270
9/30/2026	657,895	561,000	96,895
9/30/2027	658,895	656,750	2,145
9/30/2028	649,520	646,750	2,770
9/30/2029	655,020	651,000	4,020
9/30/2030	655,020	653,750	1,270
9/30/2031	660,875	660,000	875
9/30/2032	410,000	409,500	500
	<b><u>\$7,637,725</u></b>	<b><u>\$7,237,667</u></b>	<b><u>\$400,058</u></b>

## Proposed and Projected General Obligation Refunding Bonds, Series 2020

Refunding Par Amount	\$5,410,000
Gross Savings	\$400,058
Average Annual Savings (2023-2026)	\$96,676
Net Present Value Savings	\$384,728
Present Value Benefit (%)	5.855%
True Interest Cost	1.377%



\*For purposes of illustration rates are as of 7/21/2020.

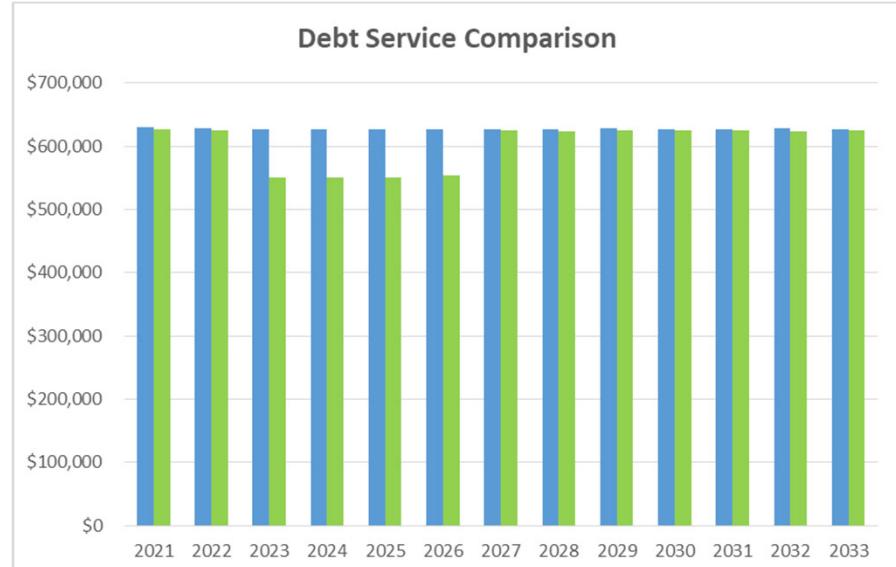
# Proposed General Obligation Refunding Bonds, Series 2020 Certificates of Obligation, Series 2013 - Structured Savings

PROJECTED SAVINGS City of Kerrville, Texas Projected General Obligation Refunding Bonds, Series 2020 - COs Series 2013 Structured Savings			
Date	Prior Debt Service	Refunding Debt Service	Projected Savings
9/30/2021	\$630,650	\$626,667	\$3,983
9/30/2022	628,450	624,500	3,950
9/30/2023	626,175	551,500	74,675
9/30/2024	627,600	551,250	76,350
9/30/2025	627,600	550,250	77,350
9/30/2026	627,400	553,500	73,900
9/30/2027	627,000	625,750	1,250
9/30/2028	626,400	623,500	2,900
9/30/2029	629,250	625,250	4,000
9/30/2030	626,763	625,750	1,013
9/30/2031	627,638	625,000	2,638
9/30/2032	628,138	623,000	5,138
9/30/2033	626,775	624,750	2,025
	<u>\$8,159,838</u>	<u>\$7,830,667</u>	<u>\$329,171</u>

\*For purposes of illustration rates are as of 7/21/2020.

## Proposed and Projected General Obligation Refunding Bonds, Series 2020

Refunding Par Amount	\$5,680,000
Gross Savings	\$329,171
Average Annual Savings (2023-2026)	\$75,569
Net Present Value Savings	\$305,169
Present Value Benefit (%)	4.384%
True Interest Cost	1.593%



# Parameters/Delegation Bond Sale

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## Parameter Bond Sale

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### 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

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- Suggested parameters for City Council consideration:
  - Minimum Savings Threshold for Refunding – 3.00%
  - Maximum True Interest Cost Rate – 2.00%
  - Maximum Principal Amount of Issue - \$13,685,000
  - Maximum Maturity Date – August 15, 2033
  - Expiration of Delegated Authority – 180 Days
  - Delegation Authority- The Mayor, the City Manager and/or the Chief Financial Officer

# Proposed Timetable of Events

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# Proposed Timetable of Events for Consideration

August						
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					

September						
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			

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					

= Key Dates

= Holidays

DATE	EVENT
Tuesday, July 28, 2020	Brief Council on refunding opportunity.
Wednesday, August 5, 2020	Distribute first draft of POS to working group for comments.
Wednesday, August 19, 2020	Comments on first draft of POS due from working group.
Tuesday, August 25, 2020	Regular meeting of the City Council to consider the adoption of a Bond Ordinance to refund certain debt obligations and to delegate authority to certain City Officials to approve the final terms.
Friday, August 21, 2020	Distribute second draft of POS to working group for comments.
	Send POS and related documents to Standard & Poor's.
Friday, August 28, 2020	Comments on second draft of POS due from working group by 10:00 am.
Week of August 31st	Due Diligence call
Monday, August 31, 2020	Distribute revised draft of POS to working group for comments.
Tuesday, September 8, 2020	Comments on revised draft of POS due from working group.
Friday, September 11, 2020	Receive rating.
Tuesday, September 15, 2020	POS goes to i-Deal for posting
Tuesday, September 22, 2020	Pricing.
	Approval Certificates are executed by Delegated City Officials.
Thursday, October 15, 2020	Closing date; City delivers the Refunding Bonds to Underwriter and receives funds.
TBD	Regular meeting to brief the City Council on the final terms of the Refunding Bonds and to present the transaction summary.

## Summary

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- Municipal interest rates are at historical lows
- Even with very low coupons from the original bond sales, refunding the Certificates of Obligations, Series 2012 and 2013 currently projects debt service savings
- If City Council is interested in pursuing a refinancing, 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**

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**SUBJECT:** Ordinance No. 2020-17. An Ordinance levying an ad valorem tax for the use and the support of the Municipal Government for the City of Kerrville, Texas, for Fiscal Year 2021; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 18, 2020

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20200825\\_Ordinance\\_2020-17 Tax Rate 2020.pdf](#)

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

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**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

This is the first reading of Ordinance No. 2020-17 on the proposed property (ad valorem) tax rate of \$0.5116 per \$100 of assessed value for Fiscal Year 2021 (FY2021). A second reading and vote will occur on September 8, 2020. The vote must be a record vote using the language provided in the ordinance. At the August 11, 2020 City Council meeting, Council approved a resolution establishing the proposed property tax rate ceiling for tax year 2020 (FY2021) at \$0.5116 per \$100 of assessed value. This rate is:

- \* Equal to the no-new-revenue tax rate
- \* Lower than the voter-approval rate of \$0.5338
- \* Lower than the current tax rate of \$0.5400

\* Marks the 3rd time in last 4 years that the rate has been lowered

\* Is the 11th straight year of no tax rate increase

A notice of meeting to vote on the tax rate was published in the Kerrville Daily Times on August 22nd and is running 5 times per day on the City's public access channel. In addition, the tax rate calculation and required disclosures are available on the City's website. The rate is composed of the maintenance and operations portion and the debt rate portion. The maintenance and operations portion is being lowered from \$0.4665 to \$0.4381 per \$100 of assessed value. The debt portion of the rate remains unchanged at \$0.0735. The two rates added together result in the total rate of \$0.5116.

**RECOMMENDED ACTION:**

Approve Ordinance No. 2020-17 on first reading. MUST BE A RECORD VOTE.

**CITY OF KERRVILLE, TEXAS  
ORDINANCE NO. 2020-17**

**AN ORDINANCE LEVYING AN AD VALOREM TAX FOR THE  
USE AND THE SUPPORT OF THE MUNICIPAL GOVERNMENT  
FOR THE CITY OF KERRVILLE, TEXAS, FOR THE FISCAL  
YEAR 2021; PROVIDING FOR APPORTIONING EACH LEVY  
FOR SPECIFIC PURPOSES; AND PROVIDING WHEN TAXES  
SHALL BECOME DUE AND WHEN SAME SHALL BECOME  
DELINQUENT IF NOT PAID**

**WHEREAS**, City Council finds that an ad valorem tax must be levied to provide for expenses and improvements for the City of Kerrville, Texas, during Fiscal Year 2021; and

**WHEREAS**, City Council further finds that an ad valorem tax must be levied to provide for the payment of principal and interest on outstanding debt maturing in Fiscal Year 2021; and

**WHEREAS**, after due deliberation, study, and consideration of the proposed tax rate for Fiscal Year 2021, City Council has determined that adoption of the rate is in the best interest of the taxpayers of the City and it should be adopted in accordance with law;

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

**SECTION ONE.** There is hereby levied and there shall be collected for the use and support of the municipal government of the City of Kerrville, Texas, and to provide interest and sinking funds for the Fiscal Year 2021, a tax of **\$0.5116** on each one hundred dollars (\$100.00) valuation of all property, real, personal, and mixed, within the corporate limits of the City subject to taxation, for the specific purposes herein set forth:

**A.** For the current expenditures of the City of Kerrville and for the general improvement, use, and support of the City and its property, there is hereby levied and ordered to be assessed and collected for the Fiscal Year 2021 on all property situated within the corporate limits of the City, and not exempt from taxation by a valid law, an ad valorem tax rate of **\$0.4381** on each one hundred dollars (\$100.00) valuation of such property.

**B.** For the purpose of paying principal and interest and providing payments into various debt service funds for each issue of tax supported debt, there is hereby levied and ordered to be assessed and collected for the Fiscal Year 2021 on all property situated within the corporate limits of the City and not exempt

from taxation by a valid law, an ad valorem tax for each issue of debt described in this Section, the sum of such levies being **\$0.0735** on each one hundred dollars (\$100.00) valuation of such property.

**SECTION TWO.** The ad valorem taxes levied are due on October 1, 2020, and may be paid up to and including January 31, 2021, without penalty, but if not paid, such taxes are delinquent on February 1, 2021; provided, however, in accordance with Section 31.03(a) of the Texas Tax Code, the ad valorem taxes due hereunder may, at the option of the taxpayer, be paid in two payments without penalty or interest so long as the first payment of one-half of the taxes levied is paid before December 1, 2020, and the remaining one-half is paid before July 1, 2021.

**SECTION THREE.** No discounts are authorized on property tax payments made prior to January 31, 2021.

**SECTION FOUR.** All taxes become a lien upon the property against which assessed and the designated City tax collector for the City of Kerrville is authorized and empowered to enforce the collection of such taxes according to the Constitution and Laws of the State of Texas and ordinances of the City of Kerrville, and shall by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty, and interest. All delinquent taxes shall bear interest and other charges from date of delinquency as prescribed by state law.

**FIRST READING:**

City Secretary to take record vote as follows:

	YES	NO
<b>Bill Blackburn, Mayor</b>	_____	_____
<b>Gary Cochrane, Place 1</b>	_____	_____
<b>Kim Clarkson, Place 2</b>	_____	_____
<b>Judy Eychner, Place 3</b>	_____	_____
<b>Delayne Sigerman, Place 4</b>	_____	_____

**PASSED AND APPROVED ON FIRST READING, this the \_\_\_\_ day of \_\_\_\_\_, A.D., 2020.**

**SECOND READING:**

City Secretary to take record vote as follows:

	YES	NO
Bill Blackburn, Mayor	_____	_____
Gary Cochrane, Place 1	_____	_____
Kim Clarkson, Place 2	_____	_____
Judy Eychner, Place 3	_____	_____
Delayne Sigerman, Place 4	_____	_____

PASSED AND APPROVED ON SECOND AND FINAL READING, this  
the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2020.

\_\_\_\_\_  
Bill Blackburn, Mayor

APPROVED AS TO FORM:



\_\_\_\_\_  
Michael C. Hayes, City Attorney

ATTEST:

\_\_\_\_\_  
Shelley McElhannon, City Secretary



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

**SUBJECT:** Purchase replacement generator for the Kerrville Police Department in the amount of \$60,893.00.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 19, 2020

**SUBMITTED BY:** David Knight

**EXHIBITS:** [20200825\\_Quote\\_Waukesha-Pearce KPD 80KW\\_Generator\\_Replacement.pdf](#)  
[20200825\\_Quote\\_Buy Board - KPD generator.pdf](#)  
[20200825\\_Vendor Form\\_Waukesha for Buyboard KPD generator.pdf](#)

<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$60,893.00	\$60,893.00	\$60,893.00	01-0113-5300

**PAYMENT TO BE MADE TO:** Waukesha-Pearce Industries

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

**SUMMARY STATEMENT:**

This 80KW generator system will replace the current police department emergency power generator that is unreliable due to age and limited serviceability. The backup facility generator is necessary to ensure continuous and uninterrupted power to critical infrastructure for police services and emergency communications, 911 and Public Safety Answering Point (PSAP) operations in the event of a loss of power to the facility.

**RECOMMENDED ACTION:**

Authorize the purchase of the replacement generator and installation.



# Waukesha-Pearce Industries

6450 North Loop 1604 East, San Antonio, TX 78247

Phone: 210-862-3040 ~ Fax: 210-653-5003

Date: Friday, July 24, 2020  
Company: City of Kerrville Police Station  
Attention: Mary Krebs  
Quote Number: 07242020-001 TB  
Reference: Generator Replacement  
Dear Mary,

The following quotation is per your request and is based upon your requirements.

80KW Diesel Generator & 800A SER Transfer Switch	\$ 36,449.00
Electric Install of 80kw generator & 800A SER Transfer Switch	\$ 24,444.00
<b>Total</b>	<b>\$ 60,893.00</b>

Quantity 1 - Generac Industrial diesel engine-driven generator set with turbocharged 4-cylinder 4.5L engine, consisting of the following features and accessories:

- Stationary Emergency-Standby rated
- 80 kW Rating, wired for 120/208 VAC three phase, 60 Hz
- Brushless Excitation
- Standard Weather Protective Enclosure, Steel
  - Industrial Grey Baked-On Powder Coat Finish
- UL2200
- EPA Certified
- SCAQMD
- H-100 Control Panel
  - Meets NFPA 99 and 110 requirements
  - Temp Range -40 to 70 degrees C
  - Digital Microprocessor:
    - Two 4-line x 20 displays, full system status
    - 3 Phase sensing, +/-0.25% digital voltage regulation
    - RS232, RS485 and Canbus remote ports
    - Waterproof connections
    - All engine sensors are 4-20ma for minimal interference
    - Programmable I/O
    - Built-in PLC for special applications
  - Engine function monitoring and control:
    - Full range standby operation; programmable auto crank, Emergency Stop, Auto-Off-Manual switch



# Waukesha-Pearce Industries

6450 North Loop 1604 East, San Antonio, TX 78247

Phone: 210-862-3040 ~ Fax: 210-653-5003

- Isochronous Governor, +/-0.25% frequency regulation
- Full system status on all AC output and engine function parameters
- Service reminders, trending, fault history (alarm log)
- I2T function for full generator protection
- Selectable low-speed exercise
  - HTS transfer switch function monitoring and control
  - 2-wire start controls for any 2-wire transfer switch
- 21 Light Remote Annunciator
  - Surface-Mount
  - Integral 8 Function Relay Board
- Remote Emergency Stop Switch, Surface-Mount, shipped loose
- 110 AH, 925 CCA Group 31 Battery, with rack, installed
- Standard MLCB, 80% rated thermal-magnetic
  - 300 Amp
  - Shunt trip and Auxiliary Contacts
- Battery Charger, 10 Amp, NFPA 110 compliant, installed
- Coolant Heater, 1500W, 120VAC
- 24" 189 Gallon Double-Wall UL142 Basetank
  - Mechanical fuel level indicator gauge
  - Electronic fuel level sender
- 3 Owner's Manuals
- 120V GFCI and 240V Outlet
- Alternator Strip Heater
- Flush Mount Annunciator Kit
- Standard 2-Year Limited Warranty
- SD0080GG174.5D18HBYY3

Quantity 1 - PSTS Series Automatic Transfer Switch consisting of the following features and accessories:

- Service Entrance Rated, Open Transition
- 800 Amp, 3 Pole, 120/208 VAC three phase
- CUL Listed
- UL1008 Listed
- NEMA 3R Enclosure
- ATC-300+ Microprocessor-Based Controller
  - 2-Line, 32-Character Alphanumeric LCD Display
  - Front Panel Mimic Diagram with colored LEDs for Source/Load Indication
  - Standard Features:
    - Sensing and Programmable Setpoints for both Normal (S1) and Emergency (S2): Under-voltage/Under-frequency, Over-



# Waukesha-Pearce Industries

6450 North Loop 1604 East, San Antonio, TX 78247

Phone: 210-862-3040 ~ Fax: 210-653-5003

- voltage/Over-frequency; Voltage Unbalance Sensing and Phase Reversal for all phases
- Adjustable Time Delays: Engine Start, Transfer Normal to Emergency & Emergency to Normal, Engine Cooldown, Emergency Fail
- Pushbutton for Bypassing Time Delays on Transfer/Retransfer
- Test Pushbutton
- Contacts for Go to Emergency (S2)
- MODBUS Communication
- Digital Programmable Plant Exerciser:
  - Off, 1-Day, 7-Day, 14-Day, 28-Day Intervals
  - Adjustable 0-600 Minutes Run Time
  - Selectable for Load or No Load
- Auxiliary Contacts:
  - Normal (S1) Source Present (2 Form C)
  - Emergency (S2) Source Present (2 Form C)
  - Normal (S1) Position Indication (1 Form C)
  - Emergency (S2) Position Indication (1 Form C)
  - Pre-Transfer Signal Contacts (1 Form C)
- 37A - Service Equipment Rated w/o Ground Fault Protection
- 41A - 100W Space Heater with Adjustable Thermostat
- 42 - IBC/CBC Seismic Qualified
- 12L - Indicator Light, Normal Source Tripped
- 36 - Load Shed from Emergency
- 16N - Overcurrent Protection, Source 1
- 32A - Time Delay Neutral, Adjustable
- Normal Terminal Mechanical Lugs, Customer Connection: (3) 3/0-400MCM per phase
- Emergency Terminal Mechanical Lugs, Customer Connection: (3) 3/0-400MCM per phase
- Load Terminal Mechanical Lugs, Customer Connection: (3) 3/0-400MCM per phase
- Neutral Terminal Mechanical Lugs, Customer Connection: (12) 4/0-500MCM
- 2-Year Basic Warranty
- ATV3MDC30800BRU

Quantity 1 – Factory freight to jobsite (Assumes direct shipment)

Quantity 1 – Factory Start-Up & Warranty Registration



# Waukesha-Pearce Industries

6450 North Loop 1604 East, San Antonio, TX 78247

Phone: 210-862-3040 ~ Fax: 210-653-5003

## Project Specific Clarifications:

- This proposal is based on verbal specifications only. No other information was provided for consideration in this proposal. Compliance with any other specification section(s) or drawing(s) is specifically excluded including those incorporated by reference.
- Offering equipment by Generac Power Systems
- Offering manufacturers standard materials of construction.
- Quotation is limited to the quantity and description listed above

## Standard Clarifications:

- Sales Tax is NOT Included.
- All Fuel to be provided by others.
- Startup/commissioning must be done within 1 year initial shipping.
- Responsibility of freight claims to be done by others.
- Jobsite Offloading/Setting is to be done by others.
- Installation & External Wiring is to be done by others.
- External Plumbing & Required Primary Gas Pressure Reducing Regulator by Others.
- Assumes that all work will be done during Normal Business Hours (M-F 8-5)
- Manufacturers' standard literature is available.
- Manufacturers' standard factory & field testing is available.
- This quotation is subject to WPI Terms & Conditions.
- Quotation is valid for 30 days.

**Taxable customers are subject to 1.5% Diesel Surcharge Tax on diesel units 50 HP and up.**

***Optional Remote Monitoring service for as low as \$999.00 (Includes Equipment, basic installation, activation and first years monitoring fee all done during your equipment startup). When you must rely on your investment, this service will remotely monitor your generator allowing for the highest level of reliability. Ask your sales rep for further details.***



# Waukesha-Pearce Industries

6450 North Loop 1604 East, San Antonio, TX 78247

Phone: 210-862-3040 ~ Fax: 210-653-5003

Best Regards,

Tim Becker  
New Unit Sales  
Power Generation Products  
**Waukesha-Pearce Industries**  
Cell: 210-862-3040  
Email: [tim.becker@wpi.com](mailto:tim.becker@wpi.com)

**1. Acceptance**

All quotations offered by WPI are subject to acceptance within thirty (30) days from the quoted date.

**2. Payment Terms**

Subject to WPI Credit Department approval, WPI's payment terms are Net-30 Days from date of invoice. WPI does NOT allow for the buyer to withhold "Retainage" from final payment. In the event that WPI requires progress payments the following milestone achievements are:

- 50% upon submittal approval and release of order to the factory
- 50% upon completion of equipment, shipment from the factory and prior to delivery to customer site

**3. Cancellation or Termination**

The Buyer, only upon payment of reasonable cancellation charges related to expenses already incurred and/or commitments made by WPI, may cancel any order placed with WPI. Cancellation charges for Generac Power Systems equipment purchases are subject to the following charges:

- 8+ weeks prior to ship date.....25%
- 6-8 weeks prior to ship date.....40%
- 4-6 weeks prior to ship date.....50%
- 2-4 weeks prior to ship date.....75%
- At scheduled ship date.....100%

Product purchased with special engineering requirements or discontinued engines are subject to 100% cancellation charge.

**4. Change Orders**

No alterations in specifications, either for total quantity, delivery, mechanical, electrical or other details may be made without written consent of WPI and readjustment of price and estimated delivery. Change order requests are subject to the following fees and based on factory shipping windows:

- 4-6 weeks prior to ship date.....4%
- 2-3 weeks prior to ship date.....6%
- Less than 2 weeks.....No Changes Accepted

Depending on the nature and timing of the changes requested, it may be necessary to reschedule production to a later date.

**5. Taxes**

In addition to the prices stated in the quote, Buyer shall reimburse WPI for any excise, sales, diesel fuel surcharge or use tax incident to this transaction for which WPI may be liable or compelled to collect.

**6. Shipping Dates**

Any shipment date provided in the quote is approximate and is estimated based on the advised lead-times provided by the manufacturer(s) of the equipment quoted. Upon receipt of a Purchase Order from Buyer, along with complete specifications and drawings approval, if required, and after receipt of WPI's Purchase Order to the manufacturer the estimated delivery will again be advised by the manufacturer to WPI and WPI will update Buyer on the new estimated delivery. WPI shall not be liable for any loss or damage for delay or non-delivery due to the acts of civil or military authority, acts of the Buyer or by reason of Force Majeure, which shall be deemed to mean all other causes whatsoever not reasonably within the control of WPI, including, but not limited to Acts of God, war, riots or insurrection, blockades, embargoes, sabotage, epidemics, fires, strikes, lockouts or other industrial disturbances, delays of carriers, the inability to secure materials, labor shortages or manufacturing delays. Any delay resulting from any such cause shall extend shipping dates correspondingly. WPI shall in no event be liable for any special, direct or indirect or consequential damages arising from delay(s) irrespective of the reason.

**7. Shipping and Delivery Acceptance**

It is the responsibility of the buyer or the buyer's representative to inspect all equipment at time of delivery for visible or concealed freight damage. Apparent and concealed damage must be noted on the driver's delivery ticket and subsequent freight claims must be completed and filed directly with the drayage company by the Buyer. In most cases, buyer has up to 30 days to file freight claims when damage is noted with the freight carrier at time of delivery. In most cases, buyer has up to 5 days to file freight claims on damage found after equipment is delivered but not noted at time of delivery. WPI is NOT responsible for damages incurred to equipment during shipment nor is responsible for filing freight claims on damaged equipment incurred in shipment.

**8. Indemnity**

Buyer agrees that it will indemnify and hold harmless WPI, its officers, agents and employees, from and against any and all claims, losses, damages, causes of action, suits and liabilities of every kind, including all expenses of litigation, court costs and attorney's fees, forfeiture of an oil, gas or mineral lease, damage to a producing reservoir or lease operations of lost production, denied certificate of occupancy or "Green Tag" from the local "AHJ", arising out of, or in any way connected with the failure of, or the operation of the equipment sold by WPI, unless WPI is proven in court to be 100% solely negligent in its responsibilities.

**9. Consequential Damages and Other Charges**

WPI will not be responsible or liable for any special, direct, indirect or consequential damages or for any operational interruptions or delays, production loss, or other damages or claims of whatever kind caused by or arising out of the fabrication, manufacture, sale, delivery, installation, use, breakage or performance of equipment sold or any part thereof, except only to the extent and in the manner set out in Item 12 below having to do with warranty.

**10. Performance Guarantee**

Performance is subject to manufacturer's guarantees for horsepower and capacities and is subject to de-rating for actual site conditions.

**11. Comments and Exceptions**

When Buyer's specifications are attached to or referenced in an invitation to quote, WPI makes a thorough and sincere effort to review these and provide a quote based on WPI's interpretation of the Buyer's specification. WPI's quote will clearly state what is included and what our interpretation is of Buyer's requirements. It is the Buyer's responsibility to review WPI's quote carefully and advise WPI of any discrepancies between Buyer's specification and WPI's quote. WPI's quote constitutes WPI's total offer and only those items; procedures, scope and content clearly stated in the quote are included and WPI makes no guarantee that the products quoted will meet the Buyer's specifications.

**12. Warranty**

WPI warrants that the equipment of its own fabrication shall be free from defects in design, material, workmanship and title, under normal use, service, and operating conditions, for the period of one (1) year from date of start-up or commissioning or eighteen (18) months from date of shipment. WPI's exclusive remedy for breach of this warranty shall be repair or replacement of any defective parts packaged by WPI, F.O.B. Houston, Texas. Accessories or equipment furnished by WPI, but manufactured by others, shall carry that manufacturer's warranty, which will be passed-on to Buyer. WPI shall not be liable for any repairs, replacements, or adjustments to the equipment or any costs of labor performed by the Buyer or others without WPI's prior written approval. WPI will serve the Buyer by acting as Buyer's representative in regard to warranty claims for items not manufactured by WPI. However, warranty in all cases is limited to the manufacturers' warranty. Any part(s) found to be defective will be replaced at no charge subject to each manufacturers' respective warranty policy, which WPI will administer. Any part(s) replaced that are not subsequently found to be defective by the manufacturer will be charged to the Buyer. Warranty labor for replacement or repair is on site only. Buyer is responsible for travel time, transportation and expenses to and from the closest WPI location, to the location of the subjected equipment. Should WPI travel to the location and find that the cause is not warrantable, all expenses incurred by WPI, to include travel and labor, will be billed to the Buyer at WPI's posted rates. WPI will not be responsible for crane, barge, or special transportation charges associated with warranty repairs.

**13. Literature**

WPI will provide upon request, the manufacturers standard literature. This includes Spec Sheets, Bill of Materials, Drawings, Operation and Maintenance Manuals and/or Factory Test Reports. WPI takes exception to all specification requirements & requests for non-standard factory literature.

**14. Hours of Operation**

This bid assumes all work will be done during normal business hours. Normal hours of operation for WPI are 8 am – 5 pm Monday-Friday. Any work performed outside of the normal operating hours will be billed at 1.5 times our current labor rate.

**15. Start-Up**

When factory start-up services and field testing are included as part of a quoted package it is understood that the equipment will be made available by the buyer for WPI to perform the factory services within six (6) months of shipment. Additional charges may be required for factory services performed beyond the six (6) month window. Customer has one year (365 days) from the initial ship date of a Generac generator to be started up/commissioned and filed online via GENservice. Registration will then activate the warranty start date. If the product is not started up/commissioned within the first year of the ship date, the warranty start date will revert back to the initial ship date. In addition, any product not started up in the first year must have the Long Term Preservation and Storage Procedure performed and the form completed. Forms must be submitted BEFORE the first year after the initial ship date has expired.



# Texas Association of School Boards

## BUYBOARD Quotation



Quote Date	March 17, 2020	WPI Quote Number	07242020-001 TB
Quotation To		Contract No.	597-19
End User	City Of Kerrville	Vendor ID	837
Contact	LT. Mary Krebs	Waukesha-Pearce Industries Inc.	
Phone	830-258-1303	Generator Division	
Fax	830-792-2742	Contact	Tim Becker
Email	<a href="mailto:mary.krebs@kerrilletx.gov">mary.krebs@kerrilletx.gov</a>	Phone	210-862-3040
		Fax	713-551-0799
		Email	<a href="mailto:tim.becker@wpi.com">tim.becker@wpi.com</a>
Pricing Based On Manufacturer's Price List Dated:		12/01/19	Contract Discount Factor
			33.0%
			67.0%

#### A. Base Unit:

Manufacturer	Model No.	Description	List Price	Net Price
Generac	SD080	80KW Diesel Generator	\$ 48,826.00	\$ 32,713.42

Includes All Standard equipment & attachments as listed in attached brochures.

## B. Factory options and attachments

### C. Non-Factory options and attachments

D. Other applicable charges      Allowances      Trade-Ins      Special Discounts      etc.

Description		Net Price
<b>WPI Terms and Conditions apply to this quote</b>		\$ -
<b>Freight to job site and start up testing included</b>		\$ 2,150.00
		\$ -
<b>Additional Discount</b>		\$ (8,256.84)
	<b>Sub Total</b>	\$ (6,106.84)

Delivery: **Estimated 12 wks ARO**

TOTAL PURCHASE PRICE: \$ 60,893.00

Pricing valid for sixty (60) days from this date. Orders after that period must be re-quoted.

*Transmit copy of quotation with purchase order issued to WPI to:*

Transmit copy of quotation with purchase order issued to W.F.C.



Phone: 800.695.2919  
Email:  
info@buyboard.com

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## Vendor Contract Information

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**Vendor Name:** Waukesha-Pearce Industries, LLC

**Address:** 12320 South Main

Houston, TX 77035

**Phone Number:** (713) 203-1638

**Email:** nathan.parker@wpi.com

**Website:** <http://www.wpi.com>

**Federal ID:** 74-1892795

**Contact:** Nathan Parker

**Accepts RFQs:** Yes

**Minority Owned:** No

**Women Owned:** No

**Service-Disabled Veteran Owned:** No

**EDGAR Forms Received:** Yes

**No Israel Boycott Certificate:** Yes

**No Excluded Foreign Terrorist Orgs:** Yes

**Contract Name:** Construction, Road and Bridge, Ditching, Trenching, and Other Equipment

**Contract#:** 597-19

**Effective Date:** 12/01/2019

**Expiration Date:** 11/30/2022

**Payment Terms:** Net 30 Days

**Delivery Days:** 60

**Shipping Terms:** Pre-paid and added to invoice

**Freight Terms:** FOB Destination

**Ship Via:** Common Carrier

**Region Served:** All Texas Regions

**States Served:** All States

**Quote Reference Number:** 597-19

**Additional Dealers:** Waukesha-Pearce Industries locations in: San Antonio, TX, Saginaw, TX

[Additional Resources](#)

### Contract Documents

**EDGAR Notice:** [Click to view EDGAR Notice](#)

**Proposal Documents:** [Click to view BuyBoard Proposal Documents](#)

**Regulatory Notice:** [Click to view Bonding Regulatory Notice](#)

**Proposal Files:** [Click to view Vendor Proposal Files Documents](#)

Contact us 800.695.2919



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

---

**SUBJECT:** Briefing and possible action as to the City's ongoing preparedness and response to COVID-19 (Coronavirus).

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** May 13, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:**

---

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

**PAYMENT TO BE MADE TO:** N/A

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

**SUMMARY STATEMENT:**

On-going responsiveness to changing conditions and situations.

**RECOMMENDED ACTION:**

Actions for the preparedness and response to COVID-19 (Coronavirus) circumstances.



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

---

**SUBJECT:** Declaration of local state of disaster due to a public health emergency, March 20, 2020.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Jul 20, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Resolution\\_16-2020 Extending Mayor's Disaster Declaration Covid-19 7-28-20.pdf](#)

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

**PAYMENT TO BE MADE TO:** N/A

---

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

**SUMMARY STATEMENT:**

Review the Disaster Declaration revised July 28, 2020. Requested by Councilmember Cochrane.

**RECOMMENDED ACTION:**

Review declaration.

**CITY OF KERRVILLE, TEXAS  
RESOLUTION NO. 16-2020**

**A RESOLUTION AUTHORIZED BY SECTION  
418.108(B) OF THE TEXAS GOVERNMENT CODE  
EXTENDING THE MAYOR'S DECLARATION THAT  
COVID-19 (CORONAVIRUS) POSES AN IMMINENT  
THREAT OF DISASTER WITHIN THE CITY OF  
KERRVILLE AND DECLARING A STATE OF  
DISASTER WITHIN THE CITY**

**WHEREAS**, on March 16, 2020, Mayor Bill Blackburn, acting in accordance with authority granted to him under the City's Charter and Section 418.108(a) of the Texas Government Code, declared a local state of disaster ("disaster declaration") for the City due to concerns related to the coronavirus disease 2019 (COVID-19); and

**WHEREAS**, the Mayor revised and reissued the disaster declaration on March 18, 2020 and March 19, 2020 to account for new information and health recommendations; and

**WHEREAS**, Section 418.108(b) of the Texas Government Code provides that the disaster declaration may not be continued for a period of more than seven days except with the consent of City Council; and

**WHEREAS**, City Council, pursuant to its adoption of Resolution No. 06-2020 consented to the Mayor's declaration and extended it in accordance with state law; and

**WHEREAS**, the Mayor, on today's date, has issued a revised declaration, which revises his previously issued declaration to update it to current conditions and needs; and

**WHEREAS**, City Council believes that the conditions necessitating the disaster declaration will continue to exist for a period of more than seven days; and

**WHEREAS**, City Council supports the disaster declaration signed by Mayor Bill Blackburn on July 28, 2020, and consents to its continuation for a period of more than seven days;

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

City Council hereby ratifies the disaster declaration signed by Mayor Bill Blackburn on July 28, 2020 and consents to its continuation indefinitely or until such time as it is terminated by order of the Council. Said declaration is attached hereto as **Exhibit A**.

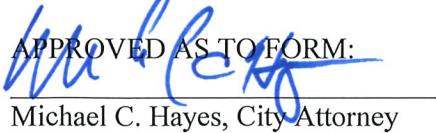
**PASSED AND APPROVED ON this the 28 day of July, A.D., 2020.**

ATTEST:

  
Shelley McElhannon, City Secretary

  
Bill Blackburn, Mayor

APPROVED AS TO FORM:

  
Michael C. Hayes, City Attorney

**DECLARATION OF LOCAL STATE OF DISASTER DUE TO A PUBLIC  
HEALTH EMERGENCY – EXTENDED (4<sup>th</sup> Declaration)**

**A DECLARATION OF THE MAYOR OF THE CITY OF  
KERRVILLE, TEXAS, DECLARING THAT COVID-19  
(CORONAVIRUS) REMAINS AN IMMINENT THREAT OF  
DISASTER WITHIN THE CITY OF KERRVILLE AND  
EXTENDING THE DECLARATION OF A STATE OF DISASTER  
WITHIN THE CITY; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City of Kerrville, Texas (the “City”) from on or before the 16<sup>th</sup> day of March 2020, prepared for damage, injury, or loss of life resulting from the novel coronavirus (COVID-19), which has been recognized globally as a contagious respiratory virus; and

**WHEREAS**, it is critical that the City continue taking actions to respond to and mitigate the spread of COVID-19 to protect the health and welfare of the public; and

**WHEREAS**, extending the City’s *Declaration of Local State of Disaster Due to a Public Health Emergency* will continue to help facilitate and expedite the use and deployment of resources to enhance the City’s ongoing response and mitigation to COVID-19; and

**WHEREAS**, on March 13, 2020, the Governor of the State of Texas certified that COVID-19 poses an imminent threat of disaster and declared a state of disaster for all counties in Texas, has extended his declaration several times, and to date, has issued approximately twenty-two orders, many of which remain in effect, in an effort to mitigate said disaster; and

**WHEREAS**, the Texas Department of State Health Services (“DSHS”) has previously determined, including an updated declaration issued on May 15, 2020, that as of March 19, 2020, COVID-19 represented and continues to represent a public health disaster within the meaning of Chapter 81 of the Texas Health and Safety Code; and

**WHEREAS**, the Mayor urges all citizens of Kerrville and this community to continue to monitor government websites such as the Centers of Disease Control and Prevention (“CDC”), DSHS, and the Texas Governor as well as news sources in an attempt to remain aware and vigilant about COVID-19 and the evolving situation; and

**WHEREAS**, the Mayor, in seeking information from national, state, and local experts continues to believe that extraordinary measures must continue to be taken to respond to and to mitigate the spread of COVID-19 and its impact to the public health and welfare;

**NOW, THEREFORE, BE IT PROCLAIMED BY THE MAYOR OF KERRVILLE:**

**SECTION ONE. Extending Declaration of Local State of Disaster.** A local state of disaster (“disaster declaration”) was previously declared for the City of Kerrville, Texas, pursuant to Section 418.108(a), Texas Government Code, on March 16, 2020, and then revised on March 18, 2020 and March 19, 2020. The Mayor hereby extends the March 19, 2020, declaration in accordance with law.

**SECTION TWO. Duration of Local State of Disaster.** Pursuant to Section 418.108(b), Texas Government Code, the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed by Kerrville City Council.

**SECTION THREE. Publicity and Filing.** Pursuant to Section 418.108(c), Texas Government Code, this declaration of a local state of disaster shall be given prompt and general publicity and shall be filed promptly with the City Secretary, to include posting it on the City’s website.

**SECTION FOUR. Continuing the Activation of the City Emergency Management Plan.** Pursuant to Section 418.108(d), Texas Government Code, this declaration of a local state of disaster continues the activation of the City’s Emergency Management Plan.

**SECTION FIVE. Public Meetings - Audience and presenter social distancing; public testimony and public hearing input.** City Council meetings and meetings of other City Boards and Commissions may be delayed, rescheduled, or conducted in accordance with alternate measures as permitted by law. To reduce the chance of COVID-19 transmission, the City shall hold its public meetings in a manner intended to separate, to the maximum practical extent, audience and presenters from personal contact with other members of the community, City Council and other Board and Commission members, and City staff. Public testimony and public hearing input for public comment and on all items on the agenda at public meetings of the City Council and City Boards and Commissions shall be provided in a manner that best serves these purposes, but balancing the right of a person to make a public statement, orally and in person, virtually, or in writing but keeping in mind the public health and safety. The City shall establish and provide notice of its *Council Meeting Procedures during Disaster Period* and shall also provide notice on its website of the meeting schedule for City Council and its other Boards and Commissions and the health measures applicable to each.

**SECTION SIX. Municipal Court.** All court proceedings in the City’s Municipal Court may be altered or even postponed in accordance with state law, including orders and direction from the Texas Supreme Court and the state’s Office of Court Administration.

**SECTION SEVEN. City Manager Authority.** The City Manager, or designee, is authorized to take the following actions, but shall provide notice of such to City Council following such action:

- a. make application for local, state, and federal assistance as necessary and/or applicable;
- b. accept on behalf of the City services, gifts, grants, equipment, supplies, and/or materials from private, nonprofit, or government sources;
- c. suspend disconnections, fees, and penalties related to the City's provision of services.

**SECTION EIGHT. Limitation of Declaration.** This disaster declaration does not extend to law enforcement activities, emergency responses, or to school districts or private school facilities within the City.

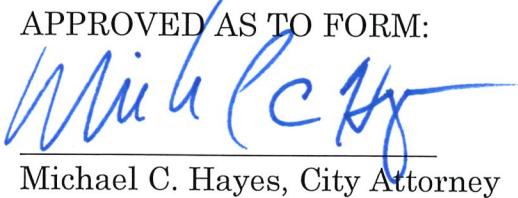
**SECTION NINE. Effective Date.** This proclamation shall take effect immediately from and after its issuance. This disaster declaration supersedes all previous declarations on this matter.

**ORDERED and REVISED this the 28 day of July, 2020.**

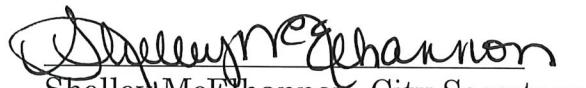
THE CITY OF KERRVILLE, TEXAS

  
Bill Blackburn, Mayor

APPROVED AS TO FORM:

  
Michael C. Hayes, City Attorney

ATTEST:

  
Shelley McElhannon, City Secretary



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

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**SUBJECT:** Financial update for the month ended July 31, 2020.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Aug 18, 2020

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20200825\\_Presentation\\_July 2020 Financial Update.pdf](#)

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

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**PAYMENT TO BE MADE TO:** N/A

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

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**SUMMARY STATEMENT:**

See the attached presentation regarding financial results through July 31, 2020.

**RECOMMENDED ACTION:**

No action required; information only.



# **Financial update for the month ended July 31, 2020**

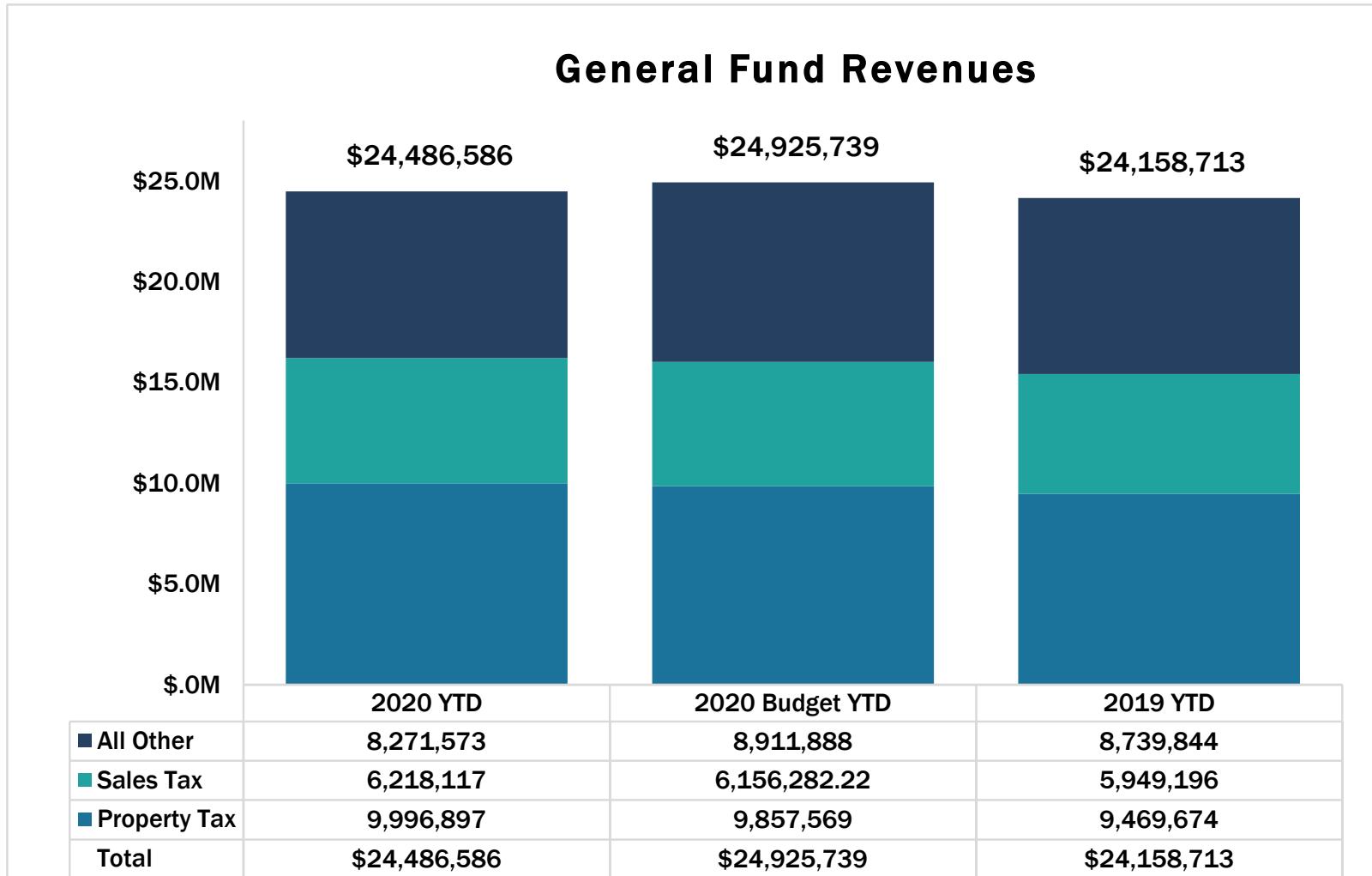
**City Council Meeting  
August 25, 2020**



# General Fund Summary

Fund	Total	Year to Date	Year to Date	Better /	Year to Date	Change
	FY2020	FY2020	FY2020	(Worse)	FY2019	from
	Budget	Budget	Actual	than Budget	Actual	FY2019
<b>General Fund</b>						
Revenues						
Property Tax	\$ 9,922,412	\$ 9,857,569	\$ 9,996,897	\$ 139,327	\$ 9,469,674	\$ 527,223
Sales Tax	7,470,865	6,156,282	6,218,117	61,835	5,949,196	268,921
Other Revenue	<u>11,368,800</u>	<u>8,911,888</u>	<u>8,271,573</u>	<u>(640,315)</u>	<u>8,739,844</u>	<u>(468,271)</u>
Total Revenue	28,762,077	24,925,739	24,486,586	(439,153)	24,158,713	327,873
Expenditures	28,762,077	23,064,954	20,856,713	2,208,241	21,904,990	(1,048,277)
Net	\$ -	\$ 1,860,785	\$ 3,629,873	\$ 1,769,088	\$ 2,253,723	\$ 1,376,150

# General Fund Revenues



# General Fund Revenues

## EMS Revenue

- YTD - \$276K lower than budget
- July 2020 base charges and mileage both higher than July 2019
- Non-emergency transports down 27% YTD

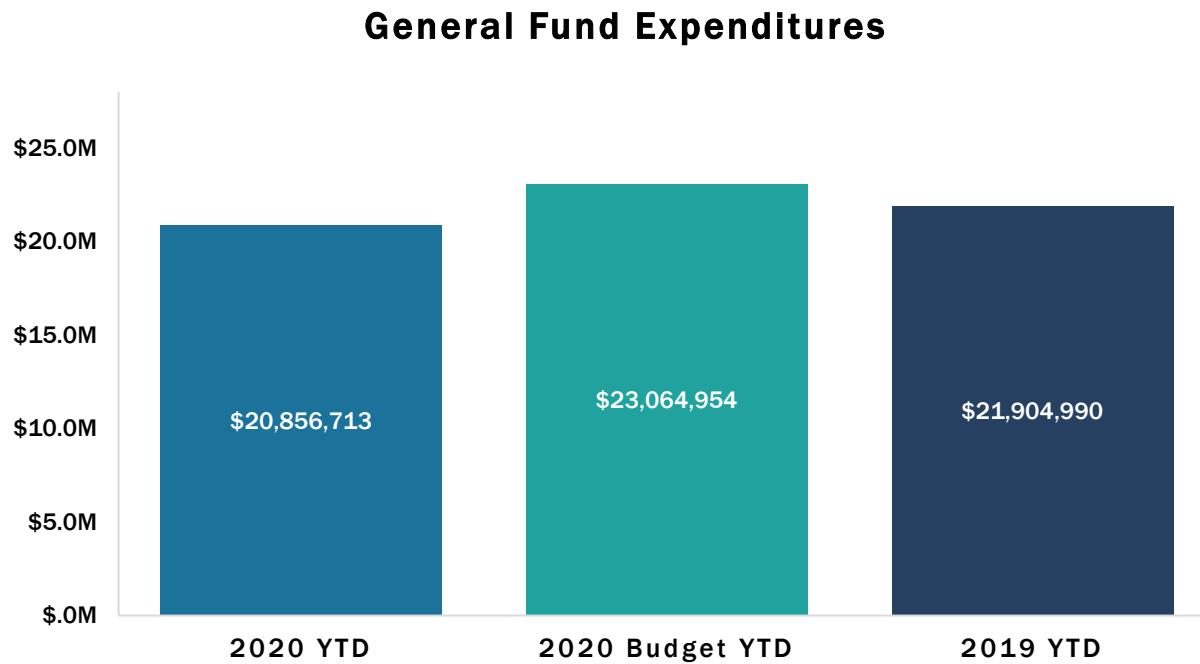
## Recreation Revenue

- Another strong month at KSP
- RV site revenue is on track to meet budget for the year

## Municipal Court

- July 2020 revenue is \$19K or 45% lower than July 2019

# General Fund Expenditures

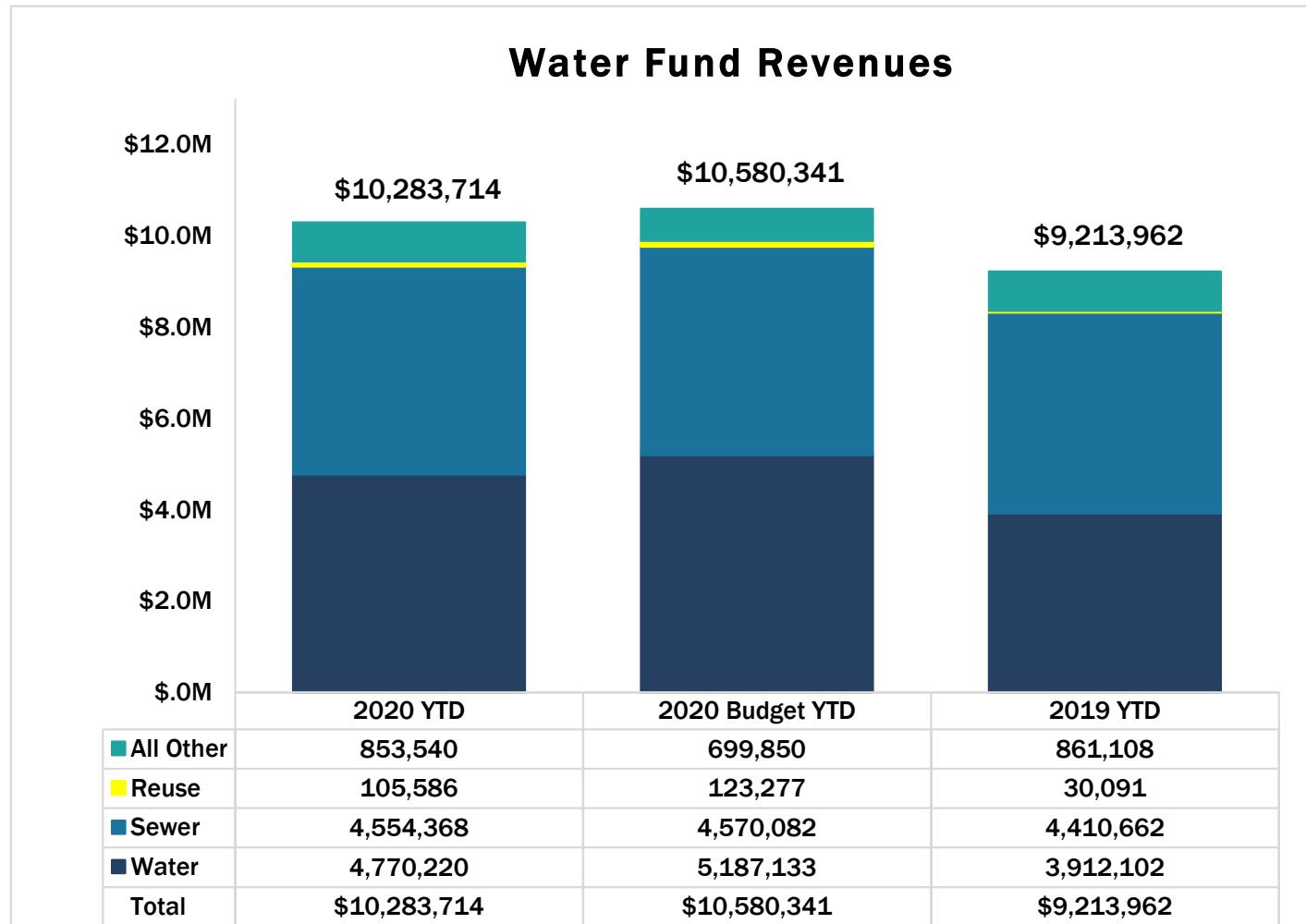


- **Vacancies in Parks, Police, Engineering, IT**
- **Reduced paving expense**
- **Significantly reduced travel and training**
- **Reduced supplies and equipment – especially Police and Parks**

# Water Fund Summary

Fund	Total	Year to Date	Year to Date	Better /	Year to Date	Change
	FY2020	FY2020	FY2020	(Worse)	FY2019	from
	Budget	Budget	Actual	than Budget	Actual	FY2019
<b>Water Fund</b>						
Revenues						
Water Sales	\$ 6,487,507	\$ 5,187,133	\$ 4,770,220	\$ (416,913)	\$ 3,912,102	\$ 858,118
Sewer Sales	5,525,753	4,570,082	4,554,368	(15,714)	4,410,662	143,706
Reuse Sales	154,181	123,277	105,586	(17,690)	30,091	75,496
Other Revenue	868,153	699,850	853,540	153,690	861,108	(7,569)
<b>Total Revenue</b>	<b>13,035,594</b>	<b>10,580,341</b>	<b>10,283,714</b>	<b>(296,627)</b>	<b>9,213,962</b>	<b>1,069,751</b>
Expenditures	13,035,594	10,780,524	10,270,425	510,098	9,948,776	321,650
<b>Net</b>	<b>\$ -</b>	<b>\$ (200,183)</b>	<b>\$ 13,288</b>	<b>\$ 213,471</b>	<b>\$ (734,814)</b>	<b>\$ 748,102</b>

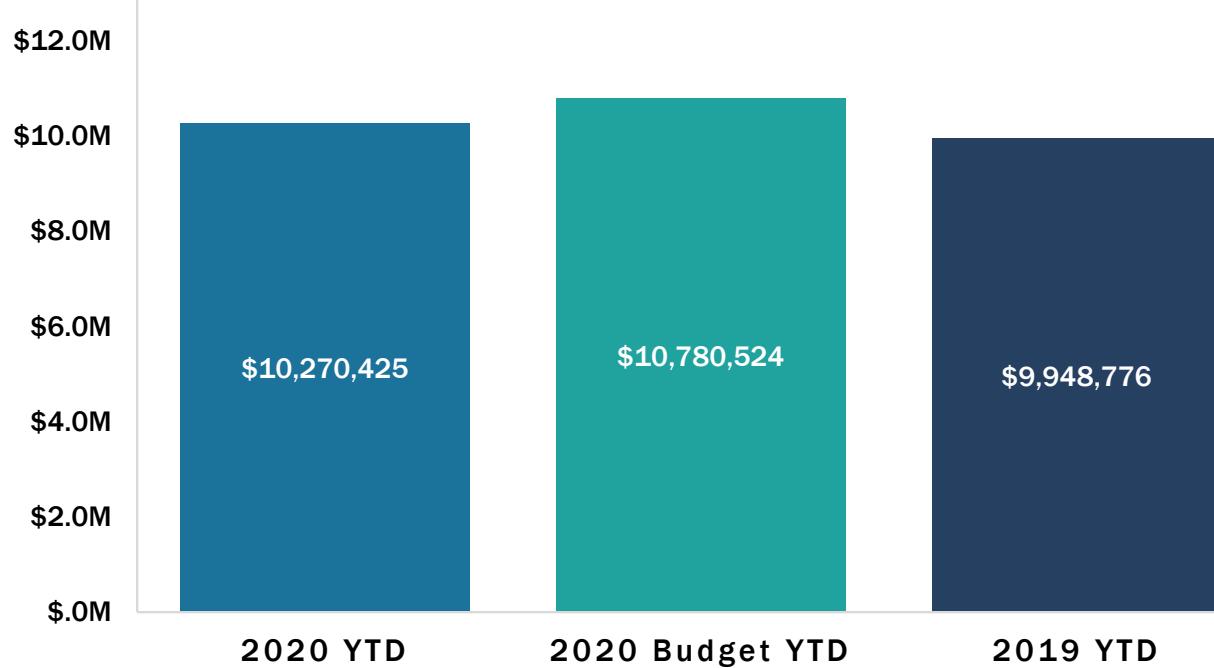
# Water Fund Revenues



- **Commercial consumption still lower than budget for the year**
- **Irrigation is still lower than budget year to date, but consumption is increasing**
- **Sewer tracking very close to budget**

# Water Fund Expenditures

Water Fund Expenditures



- Vacancies in Wastewater Collections, Water Distribution
- Reduced maintenance, supplies expense
- No contingency spending for large repairs this year

# Other Funds Summary

Fund	Total	Year to Date	Year to Date	Better / (Worse)	Year to Date	Change
	FY2020	FY2020	FY2020	than Budget	FY2019	from
	Budget	Budget	Actual		Actual	FY2019
<b>Development Services Fund</b>						
Revenues						
Permits & Fees	\$ 688,870	\$ 597,392	\$ 762,636	\$ 165,244	\$ 414,035	\$ 348,601
Transfer In	237,422	197,851	197,851	-	590,573	(392,722)
Total Revenue	926,292	795,243	960,487	165,244	1,004,608	(44,120)
Expenditures	926,292	760,877	717,580	43,297	1,041,698	(324,118)
Net	-	34,365	242,908	208,542	(37,090)	279,997
<b>Golf Fund</b>						
Revenues						
Recreation	917,537	757,527	644,405	(113,122)	668,816	(24,411)
Transfer In	80,000	58,333	58,333	-	68,333	(10,000)
Total Revenue	997,537	815,860	702,738	(113,122)	737,149	(34,411)
Expenditures	997,537	798,609	747,141	51,467	774,673	(27,531)
Net	-	17,252	(44,404)	(61,655)	(37,523)	(6,880)
<b>Hotel Occupancy Tax Fund</b>						
Revenues	1,458,500	1,191,600	917,633	(273,967)	1,177,572	(259,938)
Expenditures	1,458,500	1,139,515	933,947	205,568	966,374	(32,427)
Net	\$ -	\$ 52,085	\$ (16,314)	\$ (68,399)	\$ 211,197	\$ (227,511)



# Fund Analysis

## Development Services Fund

- **Revenues continue better than budget due to major projects (HEB, KISD, The Landing, Arcadia, Starbucks, etc.)**

## Golf Fund

- **Hosted Heart of the Hills tournament in July**
- **Green fees down 17% compared to July 2019**

## Hotel Occupancy Tax Fund

- **July 2020 occupancy tax down 10% or \$15K compared to July 2019, but some properties saw increases**
- **Continuing to add Short Term Rental properties – 52 currently registered, up from 13 in July 2019**



# **Council Questions or Comments?**





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

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**SUBJECT:** Appointment to the Main Street Advisory Board.

**AGENDA DATE OF:** August 25, 2020      **DATE SUBMITTED:** Feb 20, 2020

**SUBMITTED BY:** Shelley McElhannon

**EXHIBITS:** [20200825\\_Board\\_Main Street Advisory Board.pdf](#)

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

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**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	Yes
<b>Key Priority Area</b>	D - Downtown Revitalization
<b>Guiding Principle</b>	D1. Create a “living room” for the community and a “front door” for visitors—a full-service destination that attracts anchor uses and increased residential and mixed-use development.
<b>Action Item</b>	D1.2 - Develop a Downtown urban design/streetscape plan or set of guidelines that accommodates wider sidewalks, outdoor gathering spaces, street trees and landscaping (such as at the corner of Earl Garrett and Water Street), lighting, signage, street furniture and other pedestrian-friendly amenities

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**SUMMARY STATEMENT:**

Three vacancies exist on this Board. One due to a resignation, and two due to term limits.

Three applications received: Diana Howard, Mary Elaine Jones (reappointment), and Anne Overby (reappointment).

Staff liaison is Mark McDaniel.

The Council interview team is Mayor Bill Blackburn and Councilmember Gary Cochrane.

**RECOMMENDED ACTION:**

Appoint members.

## MAIN STREET ADVISORY BOARD

<u>Name</u>	<u>Start date</u>	<u>End date</u>
Mary Elaine Jones	9/24/2019	<b>8/31/2020</b>
James Clint Morris	9/24/2019	8/31/2021
Anne Overby	9/24/2019	<b>8/31/2020</b>
Lyndia Rector	9/24/2019	8/31/2021
William Rector	1/1/2020	8/31/2022 Ex Officio
Melissa Southern	9/24/2019	8/31/2021
Michael Wellborn	9/24/2019	8/31/2021
<b>Vacant</b>		<b>8/31/2022</b>

The Main Street Advisory Board serves in an advisory capacity to the Mayor and City Council and assists other City Boards and Commissions and City Staff to further goals and objectives of the City, including goals and objectives of the Kerrville 2050 Comprehensive Plan and other long-range plans adopted by the City; provides for the achievement of the Texas Main Street Program goals and criteria for the preservation and revitalization of the historic downtown in order to provide the necessary image for the downtown area and serves as a unifying factor to encourage area merchants and building owners to reinvest in downtown; creates positive change for downtown to ensure the success of the Main Street Program by identifying and mobilizing resources, building volunteer support, developing new leadership, and maintaining clear focus on the needs and opportunities for the downtown area.

Members must be property or business owners within the designated Main Street boundaries, also known as Reinvestment Zone Number One, and must reside within Kerr County.

7 members                    2-year terms for a 2 Term Limit.

Staff Liaison: Maya Johnson

Resolution No. 1994-133; Resolution No. 12-2014; Resolution No. 28-2019.