

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY JUNE 14, 2011, 6:00 P.M.

CITY HALL COUNCIL CHAMBERS

800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, JUNE 14, 2011, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION offered by Reverend Tom Murray of St. Peter's Episcopal Church.

PLEDGE OF ALLEGIANCE TO THE FLAG led by Keith Ellis of the Military Officers Association of America.

1. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. PRESENTATIONS:

2A. Resolution of Commendation and Mayor Pro Tem Plaque to outgoing Councilmember Place One R. Bruce Motheral. (Mayor Wampler)

2B. Resolutions of Commendation to Warren Ferguson and Jack Pratt for serving on the Economic Improvement Corporation. (staff)

2C. Recognition of the finance department for receiving the Government Finance Officers Association Distinguished Budget Presentation Award for FY 2010. (staff)

2D. Recognition of Olympic Pool staff for operational audit. (staff)

2E. Recognition of Dieter Werner, P.E., C.F.M. for his certification through the Texas National Certified Floodplain Manager Program as a certified floodplain manager. (staff)

3. 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 council approve the following items which will grant the Mayor or City Manager the authority to execute all documents necessary for each transaction:

3A. Approval of the minutes of the special canvass meeting held May 24, and the regular meeting held May 24, 2011. (staff)

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

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: June 10, 2011 at 10:00 am and remained posted continuously for at least 72 hours proceeding the scheduled time of the meeting.

Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

3B. Resolution abandoning a sewer pipeline easement generally located within an undeveloped tract addressed as 2315 East Main; and ordering recording. (staff)

3C. Authorize the execution of a license agreement with Kerrville's Fourth on the river for entertainment for the 4th of July event. (staff)

3D. Authorize execution of a bank depository services contract with Wells Fargo. (staff)

3E. Authorize execution of a lease agreement with the Friends of the Library for use of the basement in the Butt-Holdsworth Memorial Library. (staff)

3F. Authorize staff to seek request for qualifications for auditing services. (staff)

3G. Authorize execution of a junkyard license application at 504/506 Peterson. (staff)

3H. Resolution approving and authorizing execution of an interlocal agreement for participation in a public funds investment cooperative; designating the board of directors of the cooperative as an agency and instrumentality to supervise the cooperative; approving investment policies of the cooperation; appointing authorized representatives; and designating investment officers. (staff)

3I. Resolution amending the City of Kerrville investment policy regarding the investment of city funds in accordance with the public funds investment act. (staff)

3J. Resolution granting a license for use of the city's right-of-ways. (staff)

END OF CONSENT AGENDA

4. ORDINANCE, SECOND AND FINAL READING:

4A. An ordinance amending Chapter 110, Article III "Water Management Plan" of the Code of Ordinances of the City of Kerrville, Texas, by amending stages one through three of water conservation measures to provide for a greater separation between days for authorized landscape watering; containing a cumulative clause; containing a savings and severability clause; providing a penalty for violation of any provision hereof; ordering publication; and providing other matters related to the subject. (staff)

5. ORDINANCE, FIRST READING:

5A. An ordinance amending the budget for fiscal year 2011 to account for changes in the operating budget and the status of various capital improvement projects; and to amend other city funds to account for balances for approved purposes. (staff)

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Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Elect a representative to the Alamo Area Council of Governments Board of Directors. (staff)

6B. Hotel occupancy tax funding request procedure and business expansion plan. (staff)

6C. A resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2012 budget. (staff)

6D. Interlocal agreements between Kerr County and the City of Kerrville for joint operations. (staff)

6E. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County. (staff)

7. INFORMATION AND DISCUSSION:

7A. Review of timeline and process for update of the city subdivision ordinance. (staff)

7B. Update on library statistics. (staff)

7C. Economic update. (staff)

8. BOARD APPOINTMENTS:

8A. Appointment to the Kerr Economic Development Corporation. (staff)

8B. Appointment to the Planning and Zoning Commission. (staff)

8C. Appointment to the Zoning Ordinance Input Committee. (staff)

9. ITEMS FOR FUTURE AGENDA

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming

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Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

11. EXECUTIVE SESSION:

The city council reserves the right to adjourn into executive session at any time to discuss any of the matters listed as permitted by law 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 matters), 551.076 (deliberation regarding security devices) and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matter:

Section 551.071:

- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

Section 551.071 and 551.072:

- Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the city's bargaining position with third parties (715 Water Street).

Section 551.074:

- Appointment to the planning and zoning commission.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

13. ADJOURNMENT.

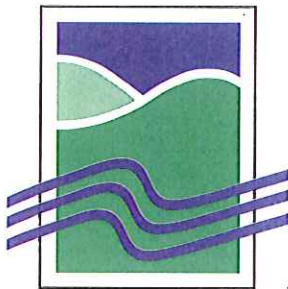
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Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

Agenda Item:
(Mayor Wampler)

- 2A. Resolution of Commendation and Mayor Pro Tem Plaque to outgoing Councilmember Place One R. Bruce Motheral.



CITY OF KERRVILLE

MAYOR AND CITY COUNCIL

800 Junction Highway

Kerrville, Texas 78028

830-257-8000 / www.kerrvilletx.gov

RESOLUTION OF COMMENDATION

WHEREAS, **R. BRUCE MOTHERAL** served as **KERRVILLE CITY COUNCILMEMBER** from May 27, 2008 to May 24, 2011 and as **MAYOR PRO TEM** from May 26, 2009 to May 24, 2011; and

WHEREAS, **R. BRUCE MOTHERAL** continuously demonstrated a sincere concern for the welfare of the citizens of Kerrville and an interest in growth and development of the city during his term of office; and

WHEREAS, During this time **R. BRUCE MOTHERAL** represented the City of Kerrville on the Alamo Regional Rural Planning Organization and served on the City's Golf Course Advisory Board, Parks and Recreation Advisory Board, and the Planning and Zoning Commission;

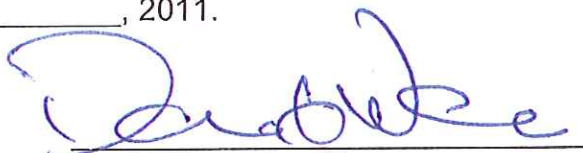
WHEREAS, We as members of the City Council wish to express our sincere appreciation to **R. BRUCE MOTHERAL** for his many contributions during his tenure of office;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS: That on behalf of the citizens of Kerrville, as well as for ourselves individually, we wish to express our sincere gratitude for the invaluable services rendered by **R. BRUCE MOTHERAL** and for serving honestly, fairly, and efficiently the best interests of the community at all times.

PASSED AND APPROVED, this the ____ day of _____, 2011.

ATTEST:


Brenda G. Craig, City Secretary


David Wampler, Mayor

E. G. Allen, Mayor Pro Tem


Carson Conklin, Councilmember

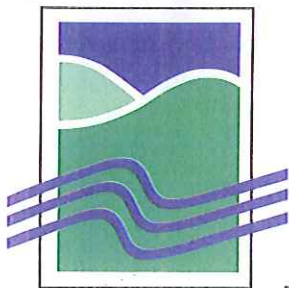

Stacie Keeble, Councilmember

T. Scott Gross, Councilmember

Agenda Item:

(Staff)

- 2B. Resolutions of Commendation to Warren Ferguson and Jack Pratt for serving on the Economic Improvement Corporation.



CITY OF KERRVILLE

CITY SECRETARY

800 Junction Highway

Kerrville, Texas 78028

830-257-8000 / www.kerrvilletx.gov

RESOLUTION OF COMMENDATION

WHEREAS, WARREN FERGUSON has served as a member of the Economic Improvement Corporation with the date of service beginning May 26, 2009; and expiring June 1, 2011.

WHEREAS, WARREN FERGUSON has served faithfully and dutifully on said board;

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

That **Warren Ferguson** be recognized for outstanding service as a member of the Economic Improvement Corporation, and that on behalf of the citizens of Kerrville as well as for ourselves individually, we wish to express our sincere appreciation for contributions to the city and the community.

PASSED AND APPROVED, this the 14th day of June, 2011.

ATTEST:

Brenda G. Craig
Brenda G. Craig, City Secretary

David Wampler
David Wampler, Mayor

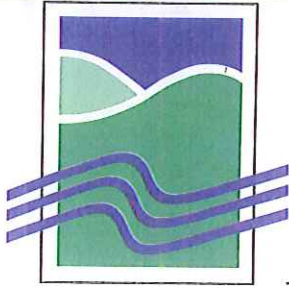
Carson Conklin
Carson Conklin, Councilmember

Stacie Keeble
Stacie Keeble, Councilmember

T. Scott Gross
T. Scott Gross, Councilmember

E. G. Allen
E. G. Allen, Councilmember





CITY OF KERRVILLE

CITY SECRETARY

800 Junction Highway

Kerrville, Texas 78028

830-257-8000 / www.kerrvilletx.gov

RESOLUTION OF COMMENDATION

WHEREAS, JACK PRATT has served as a member of the Economic Improvement Corporation with the date of service beginning May 26, 2009; and expiring June 1, 2011.

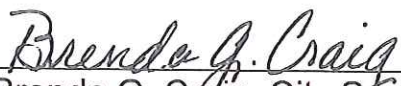
WHEREAS, JACK PRATT has served faithfully and dutifully on said board;

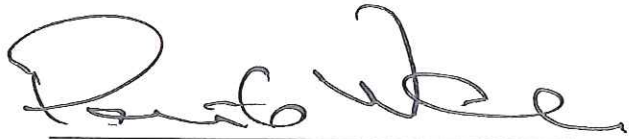
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

That **Jack Pratt** be recognized for outstanding service as a member of the Economic Improvement Corporation, and that on behalf of the citizens of Kerrville as well as for ourselves individually, we wish to express our sincere appreciation for contributions to the city and the community.

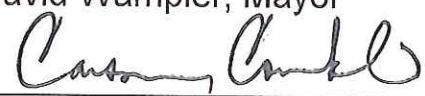
PASSED AND APPROVED, this the ____ day of _____, 2011.

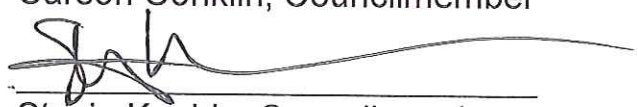
ATTEST:


Brenda G. Craig, City Secretary

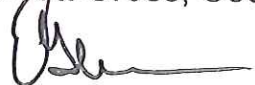


David Wampler, Mayor


Carson Conklin, Councilmember


Stacie Keeble, Councilmember


T. Scott Gross, Councilmember


E. G. Allen, Councilmember



Agenda Item:

(Staff)

- 2C. Recognition of the finance department for receiving the Government Finance Officers Association Distinguished Budget Presentation Award for FY 2010.

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

SUBJECT: Recognition of the Kerrville Finance Department as a recipient of the Government Finance Officers Association Distinguished Budget Presentation Award for Fiscal Year 2010.

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 3, 2011

SUBMITTED BY: Todd Parton **CLEARANCES:** NA
City Manager

EXHIBITS: GFOA Notice of Award

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

On April 15, 2011, the City of Kerrville received notice that the Finance Department had received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year 2010. The Kerrville Finance Department has maintained a long track record of excellence as indicated by the fact that this is the 24th consecutive year that it has been so recognized.

This award is made after a rigorous review of the budget document and is evaluated as its basis as a:

1. Policy document,
2. Financial plan,
3. Operations guide, and
4. Communications device.

To qualify for the award the budget document must be considered proficient in each of these four categories. Each of the categories is evaluated on the basis of 14 mandatory criteria.

For Fiscal Year 2010, 1,214 entities nationwide were award recipients.

RECOMMENDED ACTION

Staff recommends that the City Council recognize the Finance Department for its hard work and its demonstrated commitment to excellence.



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

April 15, 2011

Mr. Todd parton
City Manager
City of Kerrville
800 Junction Hwy
Kerrville, TX 78028

Dear Mr. Parton:

I am pleased to notify you that City of Kerrville, Texas has received the Distinguished Budget Presentation Award for the current budget from the Government Finance Officers Association (GFOA). This award is the highest form of recognition in governmental budgeting and represents a significant achievement by your organization.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. This has been presented to:

Department of Finance

We hope you will arrange for a formal public presentation of the award, and that appropriate publicity will be given to this notable achievement. A press release is enclosed for your use.

We appreciate your participation in GFOA's Budget Awards Program. Through your example, we hope that other entities will be encouraged to achieve excellence in budgeting.

Sincerely,

Stephen J. Gauthier, Director
Technical Services Center

Enclosure



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

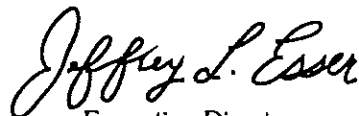
City of Kerrville
Texas

For the Fiscal Year Beginning

October 1, 2009



President



Executive Director

Agenda Item:

(Staff)

2D. Recognition of Olympic Pool staff for operational audit.

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

SUBJECT: Recognition of the Olympic Pool Staff

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 6, 2011

SUBMITTED BY: Malcolm Matthews,
Director of Parks & Recreation

CLEARANCES: Kristine Ondrias, Asst. City
Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville has utilized the Jeff Ellis and Associates Aquatics Risk Management Program since 2009, which includes the training system for all lifeguards and on-site staff at Olympic Pool. Jeff Ellis and Associates, a nationally recognized water safety training organization out of Florida, conducts two unannounced operational safety audits during the summer to assist pool operations in evaluating their aquatic safety procedures and to ensure that the highest safety standards are being provided. The audit process is a detail oriented evaluation of staff, records, equipment, and implementation of techniques. The audit includes the use of hidden video surveillance with observation of each of the lifeguards on the stands. The auditors then announce themselves and test the rescue skills of the individual lifeguards and the entire team after the facility has closed for the day. Site inspection of signage and printed safety standards, licenses for the guards, and review of safety and rescue equipment is also conducted. An audit report is then prepared for management with corrective measures identified. Inability to pass the audit can result in the closure of the facility.

The Aquatics Division of the Kerrville Parks and Recreation Department received an *Unannounced Observational Audit* by Jeff Ellis & Associates on Sunday, June 5, 2011 at the Olympic Pool. Staff were evaluated on their lifeguard rescue skills and management including documentation, equipment, on-stand performance with patron surveillance, professionalism, attentiveness, vigilance, and rescue skills including individual rescues and handling of a team spinal injury management scenario. The Supervisor was evaluated on overall proactive management of staff and the facility. The Olympic Pool staff, which consists of 16 seasonal personnel, received an overall score of "Exceeds" which is the highest score attainable.

RECOMMENDED ACTION

It is recommended that the Parks and Recreation Department's Aquatics Staff at Olympic Pool be recognized by the City Council for their positive response to intense lifesaving training and the ability to utilize their skills in the field to protect the citizens of Kerrville.

Agenda Item:

(Staff)

- 2E. Recognition of Dieter Werner, P.E., C.F.M. for his certification through the Texas National Certified Floodplain Manager Program as a certified floodplain manager.

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

SUBJECT: Recognition of Dieter Werner for passing the Texas National CFM exam and for becoming a Certified Floodplain Manager.

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 7, 2011

SUBMITTED BY: Michael Wellborn, P.E.
Director of Engineering

CLEARANCES: Kristine Ondrias
Assistant City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Dieter Werner is a graduate of the University of Texas at San Antonio and is a licensed professional engineer in the state of Texas. Since August of 2009, Dieter has served as Project Engineer for the City of Kerrville and has managed the design and construction aspects of various private developments and Capital Improvement Projects (CIP). In addition to serving as Project Engineer, Dieter has taken the initiative to study for the Texas National CFM exam. Prior to taking the exam, Dieter had to submit an application to the Texas Floodplain Management Association (TFMA) where it was reviewed to ensure that he met the criteria in the area and experience, references, education, and training in floodplain management and hazard mitigation. On May 20, 2011 Dieter took and passed the Texas National CFM exam and is now a Nationally Accredited Certified Floodplain Manager. With this certification, Dieter will be able to provide assistance in regulating and administering the City's Floodplain Management Ordinance as regulated by the National Flood Insurance Program.

RECOMMENDED ACTION

The Director of Engineering recommends the City Council recognize Dieter Werner for his initiative in taking and passing the Texas National Certified Floodplain Management exam to become a Nationally Accredited Certified Floodplain Manager.

Agenda Item:

(Staff)

- 3A. Approval of the minutes of the special canvass meeting held May 24, and the regular meeting held May 24, 2011.

CITY COUNCIL MINUTES
OF A SPECIAL MEETING

KERRVILLE, TEXAS
MAY 24, 2011

On May 24, 2011, 10:00 a.m. the Kerrville City Council special meeting was called to order in the city hall council chambers, 800 Junction Highway. The Reverend Bill Blackburn, Partners in Ministry, offered the invocation, followed by the Pledge of Allegiance to the Flag led by Kerrville Police Chief John Young.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT:

R. Bruce Motheral	Mayor Pro Tem
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STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochran	Director of Information Technology
John Young	Police Chief
Charlie Hastings	Director of Public Works
Tara LaMontia	Assistant to the City Manager
Kim Meismer	Director of General Operations
Mindy Wendele	Director of Business Programs

VISITORS PRESENT: List on file in city clerk's office for required retention period.

1. OFFICIAL CANVASS OF VOTES. Mayor Wampler read the results of the General Election held on May 14, 2011.

2. RESOLUTION NO. 017-2011 CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE MAY 14, 2011, CITY GENERAL ELECTION

There were 1,309 votes cast with the following results:

Councilmember Place One:

Bruce Motheral	397
Carson Conklin	903

Councilmember Place Two:

Stacie Keeble	927
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Mr. Allen moved for approval of Resolution No. 017-2011; the motion was seconded by Mr. Gross and passed 4-0.

3. CERTIFICATES OF ELECTION SIGNED AND ISSUED BY MAYOR DAVID WAMPLER. Mayor Wampler presented Certificates of Election to:

- Carson Conklin, City Councilmember Place One
- Stacie Keeble, City Councilmember Place Two

4. OATHS OF OFFICE GIVEN BY COUNTY JUDGE PAT TINLEY: Judge Tinley administered the Oath of Office to:

- City Councilmember Place One: Carson Conklin
 - City Councilmember Place Two: Stacie Keeble
- Mr. Conklin and Ms. Keeble took their places at the dais.

6. STATEMENTS BY NEWLY-ELECTED COUNCILMEMBERS

Statements were made by the newly-elected members of the city council:

- City Councilmember Place One: Carson Conklin
- City Councilmember Place Two: Stacie Keeble

Adjournment: The meeting adjourned at 10:10 a.m.

APPROVED: _____

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
MAY 24, 2011

On May 24, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Michelle Hutchinson of the Salvation Army, followed by the Pledge of Allegiance led by Tivy Lady Antlers softball team members: Megan Perez, Cody Turner, and Abi Poe, who were nominees to 28-4A All District.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Councilmember
Carson Conklin	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochran	Director of Information Technology
Sandra Yarbrough	Assistant Director of Finance
Kevin Coleman	Director of Development Services
Charlie Hastings	Director of Public Works
Tara LaMontia	Assistant to the City Manager
Kim Meisner	Director of General Operations
Mindy Wendele	Director of Business Programs
Johnna Wade	Main Street Manager

VISITORS PRESENT: List is on file in city secretary's office.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. PRESENTATIONS:

2A. Proclamation proclaiming May 2011 as National Preservation Month was presented to Johnna Wade and Peter Lewis, representing the Main Street Advisory Board.

2B. Proclamation commending the Kerrville Area Chamber of Commerce for their efforts in bringing KerrFest to the community.

3. CONSENT AGENDA:

Mr. Gross moved for approval of items 3A through 3C; Mr. Allen seconded the motion and it passed 5-0:

3A. Approval of the minutes of the special budget meeting held May 4, and the regular meeting held May 10, 2011.

3B. Approval of an amendment to the funding agreement between the City of Kerrville, Texas Economic Improvement Corporation and Hewitt Engineering for a commercial improvement program grant.

3C. Approval of the request to waive park rental fees for the Second Sunday Serenades to be held in Louise Hays Park June 12, July 10, and August 14, 2011.

END OF CONSENT AGENDA

4. ORDINANCE, FIRST READING:

4A. An ordinance amending Chapter 110, Article III "Water Management Plan" of the Code of Ordinances of the City of Kerrville, Texas, by amending stages one through three of water conservation measures to provide for a greater separation between days for authorized landscape watering; containing a cumulative clause; containing a savings and severability clause; providing a penalty for violation of any provision hereof; ordering publication; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Hastings noted the ordinance had been drafted as per council's instructions at the May 10 meeting, i.e. change the watering schedule from Monday/Saturday for odd addresses and Tuesday/Sunday for even addresses to Tuesday/Saturday and Wednesday/Sunday respectively, thus allowing three days and two days between watering and give the water system a day of rest on Monday.

Mr. Allen moved for approval of the ordinance on first reading; Mr. Gross seconded the motion and it passed 5-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Resolution No. 018-2011 in support of Kerr County's proposed 2011-12 Colonia fund application for a Texas community development block grant (TxCDBG) program assistance and authorizing the Mayor to execute an interlocal agreement with Kerr County.

Mr. Hastings reviewed the existing contract with the Upper Guadalupe River Authority whereby UGRA would construct a sewer collection system in the Kerrville South area and the city would provide wastewater treatment services, even though the system was outside the city limits. In accordance with the contract, UGRA did not operate the system and sold it to the city in 2008. Kerr County proposed to apply for a \$500,000 grant to fund remaining portions of Phase IV as well as Phase V of the project.

Eric Hartzell, executive vice president of GrantWorks, noted this phase of the project would add 35-40 homes to the city's system, and Phase 5 could add another 40-50 units. Mr. Hastings noted a bottleneck in the city's system that needed to be upgraded from an 8 inch line to 12 inch, and improvements were needed to upgrade the existing pumps in the Kerrville South lift station; both system improvements were included in the grant. Mr. Hartzell estimated these system improvements to be \$100-120,000. Mr. Hastings stated that the city had no financial obligation in the grant or system improvements; however, the

resolution and interlocal agreement was required before the county could submit the application. Mr. Hartzell estimated the total number of hook ups in the Kerrville South sewer system for all phases could be 275 under the CDBG program; the remaining homes in the area did not qualify for a colonia grant.

County Commissioner Guy Overby noted June 3 was the deadline for submission of the grant; to date, this project had received over \$2 million in grant funds, and the county was prepared to commit additional funds to the project if necessary. If the grant was received, the project would begin in 2012-13.

Mr. Parton noted, in accordance with the agreement, if sufficient grant funding was not available to complete the project, the county would "complete the full scope of the project and be solely responsible for any deficiencies in funding or cost overruns." He recommended approval of the resolution and agreement.

Mr. Conklin moved for approval of Resolution No. 018-2011; Mr. Allen seconded the motion and it passed 5-0.

5B. Interlocal agreements between Kerr County and the City of Kerrville for joint operations.

Mr. Parton noted the county commissioners voted to propose the following:

- County contribute \$500,000 for fire, and \$400,000 for EMS.
- County contribute \$200,000 to the library (contingent upon receiving a \$200,000 grant from the Cailloux Foundation).
- County contribute \$175,000 to the airport.
- County provide animal control and shelter services to city residents, equal to county residents, at no cost to the city.
- Agreements would be for a three year term (FY12-FY14).
- Agreements include annual inflationary adjustment of 3% for fire and EMS.

Mr. Parton noted if the city accepted the proposal, the animal code would have to be amended to reflect the county code. He provided a summary sheet that noted under the county's proposal for FY12 the county would contribute \$1,675,000 and the city would provide \$6,050,930 for all services. He recommended approval of the county's proposal contingent upon execution by July 1, 2011.

Mayor Wampler stated his disappointment that the county commissioners were unwilling to fund any portion of the library operation; the commissioners had dismissed the value of the library and would not acknowledge the fact that almost half of the use of the library services was provided to county citizens.

Mr. Allen moved to accept the proposal made by the county as presented by Mr. Parton, with the condition that the goal be established to have agreements executed and signed by both parties no later than July 1, 2011.

5C. Resolution No. 019-2011 authorizing the submission of a grant application to the United States Department of Justice Office of Community Oriented Policing Services – COPS hiring program.

Chief Young requested approval to submit the grant application to fund two unfunded positions in the police department; the grant would provide 100% of the cost of salary and benefits for two officers for three years. The city would have to commit to retain the two officers for an additional one year; he estimated that cost to be \$117,000. Mr. Parton noted the funding could be used for two new hires or to maintain existing positions designated for reduction due to budget cuts.

Mr. Allen moved for approval of Resolution No. 019-2011; Mr. Gross seconded the motion and it passed 5-0.

5D. Disbursement of hotel occupancy tax funds.

Mr. Parton provided a copy of the FY11 distribution worksheet and discussed the process and timeline.

Mayor Wampler discussed funding an events coordinator with HOT funds; the coordinator would focus on bringing events to Kerrville during slow periods when hotels were unfilled. He requested staff hold off on continuing with the arts coalition process at this time, and suggested staff develop a plan for council's consideration at a future meeting.

The following persons spoke:

1. Sudie Burditt, executive director of the Convention and Visitors Bureau (CVB), noted a previous council had set aside 1% for restoration of the Arcadia Theater; however, in 2005 when the city sold the Arcadia the council redesignated the 1% for historic restoration. She estimated the fund would have accumulated about \$795,389 in total, but some expenses related to the Arcadia had been paid out of that account. She suggested the city use these funds for an events coordinator. In her opinion, the arts coalition funding program for advertising was working well.

Mr. Parton noted that the 1% fund was used last year to fully fund the CVB budget.

2. Ben Fossett, noted the Inn of the Hills planned to commit substantial investment toward renovation of the Inn designed to attract more visitors and groups to fill hotel rooms and bring more business to Kerrville.

Mr. Conklin moved to table the distribution process at this time and to instruct staff to further examine an events coordinator position and how it would be funded. The motion was seconded by Mr. Allen and passed 5-0.

5E. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public

Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

Mr. Hayes reported the appeal had been filed in district court. The funding from the partners had been nearly exhausted, and he had sent an email to the other partners advising them of such and giving notice that additional funding would likely be required. He did not believe that the city of Kerrville should carry the full weight of the appeal; however, he felt the city likely would be the only funding source in the future.

5F. Appointment of mayor pro tem. Deferred to executive session.

6. INFORMATION AND DISCUSSION:

6A. Economic update.

Ms. Yarbrough reported local unemployment at 6.3%, sales tax at \$469,531, EIC tax at \$234,742, and hotel occupancy tax at \$75,004; general fund and water/sewer fund revenues were on target as budgeted..

7. BOARD APPOINTMENTS:

7A. Appointments to the economic improvement corporation. Deferred to executive session.

7B. Appointment of councilmembers to various boards and commissions. Deferred to executive session.

8. ITEMS FOR FUTURE AGENDA:

Mr. Allen requested information be provided on current construction and development projects in the city on a routine basis.

9. ANNOUNCEMENTS OF COMMUNITY INTEREST: None.

10. EXECUTIVE SESSION:

Mr. Allen moved for the city council to go into executive closed session under Section 551.074 (personnel matters), of the Texas Government Code; the motion was seconded by Ms. Keeble and passed 5-0 to discuss the following matters:

Section 551.074:

- Appointment of mayor pro tem.
- Discuss appointments to the economic improvement corporation.
- Discuss appointment of councilmembers to various boards and commissions.

At 7:07 p.m. the regular meeting recessed and council went into executive closed session at 7:17 p.m. At 8:18 p.m. the executive closed session recessed and council returned to open session at 8:19 p.m. Mayor Wampler announced that no action had been taken in executive session.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

5F. Appointment of mayor pro tem.

Mr. Gross moved to appoint Gene Allen as mayor pro tem; Mr. Conklin seconded the motion and it passed 5-0.

7A. Appointments to the economic improvement corporation.

Mr. Gross moved to appoint Kenneth Early, Larry Howard, Tony Roberts, and Stacie Keeble all with terms to expire June 1, 2013. Mr. Allen seconded the motion and it passed 5-0.

7B. Appointment of councilmembers to various boards and commissions.

Mr. Conklin moved to ratify the appointments listed below; Mr. Allen seconded the motion and it passed 5-0:

CITY BOARD	COUNCIL REPRESENTATIVE
Audit Committee	Gene Allen Stacie Keeble
Economic Improvement Corporation	Stacie Keeble
Food Service Advisory Board	Scott Gross
Golf Course Advisory Board	Carson Conklin
Kerrville Economic Development Corporation	
Kerrville Public Utility Board	David Wampler
Library Advisory Board	Scott Gross
Main Street Advisory Board	Scott Gross
Municipal Court Review Committee	Stacie Keeble
Parks and Recreation Advisory Board	Stacie Keeble
Planning and Zoning Commission	Carson Conklin
Playhouse 2000	Gene Allen
Zoning Ordinance Input Committee	Carson Conklin

ADJOURNMENT. The meeting adjourned at 8:25 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

Agenda Item:

(Staff)

- 3B. Resolution abandoning a sewer pipeline easement generally located within an undeveloped tract addressed as 2315 East Main; and ordering recording.

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

SUBJECT: Resolution Approving Abandonment of Blanket Easement - East Main and Clearwater Paseo

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** May 30, 2011

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Charlie Hastings 
Kristine Ondrias 

EXHIBITS: Property Owner Request via email
Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The current owner, Hervey Square Limited Partnership, has requested consideration of the abandonment of a "blanket" sewer easement originally granted to the City in 1930.

Staff has reviewed this request and sees no need to retain this easement as defined. To date the easement has not been used. Sanitary sewer lines constructed with developments in this area have been placed within specific easements or in existing rights-of-way.

The easement needs to be removed prior to the filing of a final plat for a project on property within this easement, namely the Atmos Energy Service Facility at 2315 East Main Street. Sanitary sewer serving the tract will be put in with that project.

RECOMMENDED ACTION

Approve resolution as presented.

Gordon Browning

From: Mike Sandefur [mikes@txkusa.com]
Sent: Wednesday, November 17, 2010 5:06 PM
To: Gordon Browning
Cc: Jim Maxwell; Harvey Brinkman
Subject: Fwd: Blanket Sanitary Sewer Easement Abandonment
Attachments: Volume 51 Page 373-sewer blanket.pdf; ATT5607568.htm

Dear Mr. Browning,

Please accept this email as your formal request for the abandonment of the blanket easement referenced below on our property. If you need something further, please do not hesitate to contact me, Jim Maxwell, or Harvey Brinkman.

Thank you.

Michael Sandefur, President of General Partner
Hervey Square Limited Partnership

Begin forwarded message:

From: "Jim Maxwell" <maxeng@krc.com>
Date: November 17, 2010 4:32:37 PM CST
To: "Mike Sandefur" <mikes@txkusa.com>
Cc: "Sanderson, Dean"
<Dean.Sanderson@atmosenergy.com>, "David Martin"
<david@a3studiotx.com>, "Lee Voelkel"
<lee@kerrcountysurveyor.com>
Subject: Blanket Sanitary Sewer Easement Abandonment

Mike,

As discussed, attached is the description of the 120-acre blanket sanitary sewer easement that is owned by the City of Kerrville and that apparently encompasses your property at Clearwater Paseo and Main Street. Also as discussed, the City of Kerrville is willing to abandon this easement, but would like the request to come from the property owner (you) in writing. So, if you would, please email that request to Mr. Gordon Browning, Senior Planner, City of Kerrville at gordon.browning@kerrvilletx.gov.

Thanks for your help, and please let me know if you have any questions.

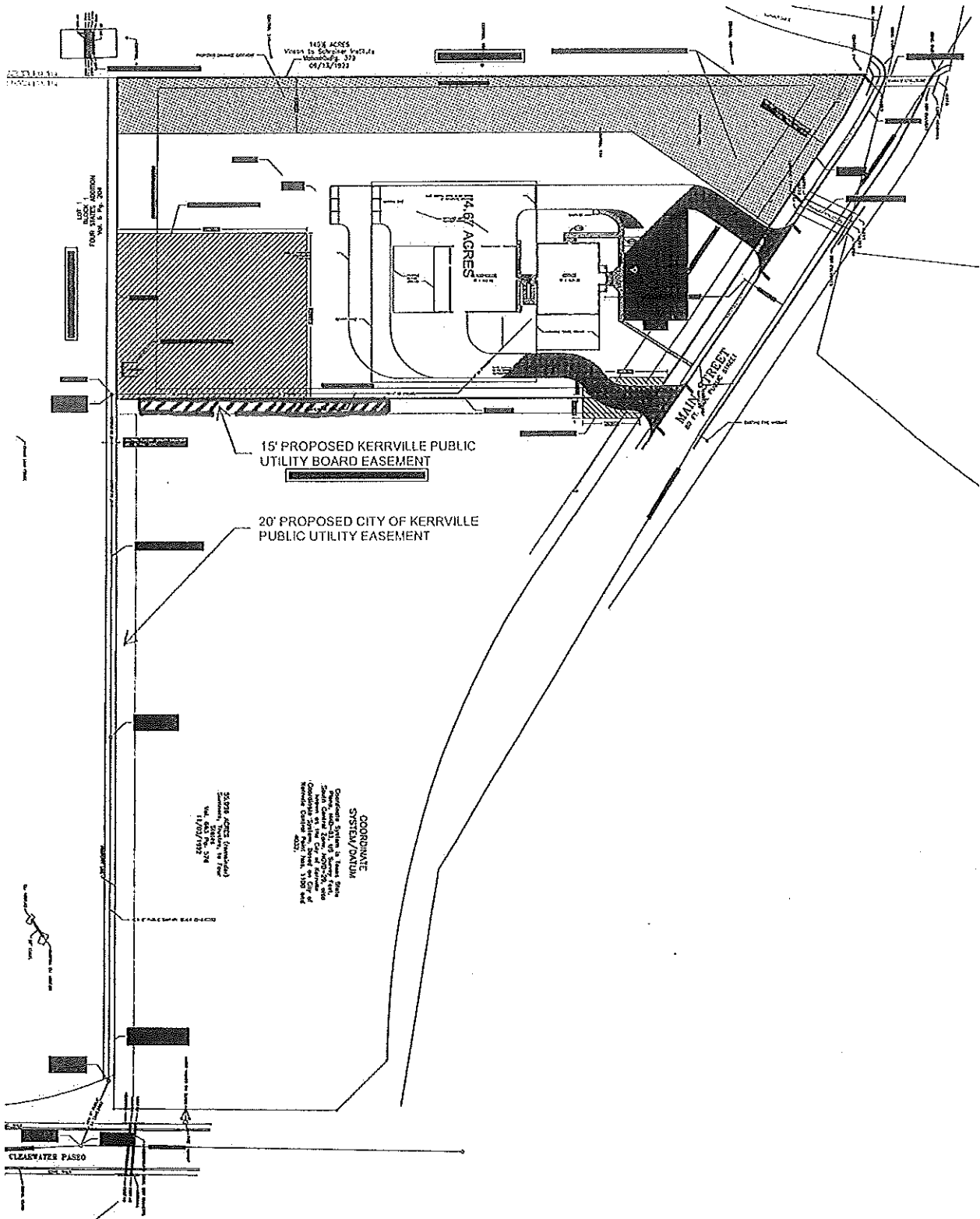
Jim

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Maxwell Engineering, PLLC
Texas Registered Engineering Firm F-943
911 Panorama Drive
Kerrville, Texas 78028
Tel.: (830) 895-0032
Fax: (830) 895-0033

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11/18/2010



14.67 ACRES
Vested In Kerrville Public Utility
Map No. 379
05/15/1993

14.67 ACRES
Vested In Kerrville Public Utility
Map No. 379
05/15/1993

15' PROPOSED KERRVILLE PUBLIC
UTILITY BOARD EASEMENT

20' PROPOSED CITY OF KERRVILLE
PUBLIC UTILITY EASEMENT

MAIN STREET
20' R.O.W.

CLEARWATER PASSO

COORDINATE
SYSTEM/DATUM
Coordinate System is Texas State
Plane, NAD 83, Zone 14N, Spheroid
Datum is North American Datum of
1983, Projection is Transverse
Mercator, Units are Feet, Datum
Elevation is Mean Sea Level, 1100 Feet

50.00 ACRES (Approx.)
Vested In Kerrville Public Utility
Map No. 379
05/15/1993

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. - 2011**

**A RESOLUTION ABANDONING A SEWER PIPELINE EASEMENT GENERALLY
LOCATED WITHIN AN UNDEVELOPED TRACT ADDRESSED AS 2315 EAST
MAIN; AND ORDERING RECORDING**

WHEREAS, a sewer pipeline easement ("Easement") was previously conveyed to the City of Kerrville, Texas ("City") for property located at 2315 East Main (the "Property"), as evidenced by the instrument recorded at Volume 51, Page 373 of the Real Property Records of Kerr County, Texas; and

WHEREAS, the current owner of the Property has requested that the City abandon the Easement which impacts the Property; and

WHEREAS, City staff has affirmed that the City is neither using nor has any plans to use the Easement, as the City's wastewater main to serve the Property is located on adjacent property; and

WHEREAS, in order to avoid any future cost to the public that might be required with respect to the future maintenance of the Easement, the City Council of the City of Kerrville, Texas finds it to be in the public interest to abandon the Easement;

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

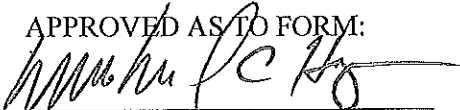
SECTION ONE. The City Council of the City of Kerrville, Texas, finds that the Easement located at 2315 East Main, as conveyed to the City and recorded at Volume 51, Page 373 of the Real Property Records of Kerr County, Texas, said Easement attached as **Exhibit A**, will no longer serve a public interest and should be abandoned.

SECTION TWO. Based upon the findings made in Section One, above, and in accordance with the City's policy regarding the disposition of real estate, the City Council authorizes the City Manager to execute and then file and record the Abandonment of Easement, as attached at **Exhibit B**, in the Real Property Records of Kerr County, Texas.

PASSED AND APPROVED ON this the _____ day of _____ A.D., 2011.

David Wampler, Mayor

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda G. Craig, City Secretary

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ABANDONMENT OF EASEMENT

STATE OF TEXAS §
 §
COUNTY OF KERR §

WHEREAS, by instrument dated February 17, 1930, executed by Elizabeth Mosty, surviving widow of L.A. Mosty; Lee A. Mosty; Harvey Mosty; Mark Mosty; Karl Mosty; Elizabeth Spicer (Nee Mosty), joined by her husband, J.S.A. Spicer; Addie Morriss (Nee Mosty), joined by her husband, R.H. Morriss; Ruth Hamilton (Nee Mosty), joined by her husband, J.S. Hamilton; and Evelyn Mosty, which were the sole and only heirs at law of L.A. Mosty; and recorded in Volume 51, Page 373, Real Property Records, Kerr County, Texas, the undersigned City of Kerrville, Texas ("City"), obtained a sewer pipeline easement for the right to lay, construct, maintain, and operate a sewer pipeline over, through, and upon the property described in said instrument (the "Easement"); and

WHEREAS, the current owner of the property, which includes the Easement, Michael Sandefur, President, Hervey Square Limited Partnership, has requested that the City abandon the Easement, as no such sewer pipeline was ever constructed within the Easement; and

WHEREAS, the City has ascertained that the sewer pipeline used to provide service for this property and the surrounding area is located within other easements and public rights-of-way located in the area and thus, the Easement is and will be unnecessary; and

WHEREAS, the City Council of the City of Kerrville, Texas, has determined that the Easement, which was obtained by the City in the instrument referred to above, is no longer necessary to the operation of the City's wastewater systems and that as such, the Easement should be abandoned;

NOW THEREFORE, the City Council of the City of Kerrville, Texas, by Resolution No. _____-2011 duly made and adopted at its regular meeting of May 24, 2011, has abandoned and does hereby evidence abandonment of the Easement.

EXECUTED this the _____ day of _____, 2011.

(signatures begin on following page)

CITY OF KERRVILLE, TEXAS

Jeffrey Todd Parton, City Manger

ATTEST:

Brenda G. Craig, City Secretary

THE STATE OF TEXAS §
 §
COUNTY OF KERR §

This instrument was acknowledged before me on this the _____ day of _____, 2011, by JEFFREY TODD PARTON, City Manager, City of Kerrville, Texas, on behalf of said City.

Notary Public in and for the State of Texas

IN TESTIMONY WHEREOF, I hereunto set my hand and affix the seal of said office the day and Date first above written.

(SEAL)

J. H. Walker

Commissioner of the General Land Office.

Filed for record Mar. 6, 1930, at 4:50 o'clock P. M.

Recorded March 31, 1930, at 9:35 o'clock A. M.

EASEMENT

511373

THE STATE OF TEXAS :
COUNTY OF KERR :

KNOW ALL MEN BY THESE PRESENTS:

That we, Mrs. Elizabeth Mosty, Surviving widow of L. A. Mosty, deceased, Lee A. Mosty, Harvey Mosty, Mark Mosty, Karl Mosty, Mrs. Elizabeth Spicer (Nee Mosty) joined by her husband, J. S. A. Spicer, Mrs. Addie Morris (Nee Mosty) joined by her husband, R. H. Morris, Mrs. Ruth Hamilton (Nee Mosty) joined by her husband, J. S. Hamilton, and Evelyn Mosty being the sole and only heirs at law of the said L. A. Mosty, deceased, all of the County of Kerr, Texas, in consideration of the sum of Ten \$10.00 Dollars, and other good and valuable considerations to us in hand paid, the receipt of which is hereby acknowledged, and further, the right to connect to said sewer system, have Bargained, Granted, Sold and Conveyed and by these presents do Bargain, Grant, Sell and Convey unto the City of Kerrville, Texas, its successors and assigns, the right to lay, construct, maintain and operate a sewer pipe line, for the conveyance and carriage of sewage running over, through and upon, for a distance of approximately, Twenty Six Hundred (2600) feet, that certain One Hundred and twenty (120) acre tract or parcel of land, situated on the north bank of the Guadalupe River a short distance below said City of Kerrville, Kerr County, Texas, out of Survey No. 113 in the name of Samuel Wallace, fully described in deed from G. G. Lockett and wife Nellie Lockett to Elizabeth Mosty of date January 31st, 1898 found recorded in Book "R" page 507 of the deed records of Kerr County, Texas. Said Sewer Pipe Line is to follow a route over, through and upon said parcel of land, agreed upon by the parties hereto, running from the present sewage disposal plant of said City of Kerrville on the North Bank of the Guadalupe River, just below said City of Kerrville, to a certain parcel of land conveyed by M. F. Weston to said City of Kerrville by deed of date October 31st, 1929, found recorded in Book 50 at page 640 of the Deed Records of Kerr County, Texas. Said pipe line to be laid at a sufficient depth beneath the surface of the ground that same will in no manner interfere with the surface uses of said property.

There is also hereby granted the right of ingress, egress, and regress to and from and over said 120 acre parcel of land out of said Survey No. 113 in name of Samuel Wallace, hereinbefore described for the purpose of laying, maintaining, repairing and restoring said pipe line and for removing the same when desired by the Grantees.

TO HAVE AND TO HOLD the said easement, rights unto the said City of Kerrville, Texas, its successors and assigns so long as same shall be used or needed, for the purpose herein set forth or shall be abandoned by the Grantees.

Witness our Hands at Kerrville, Texas, this the 17th day of February, A. D. 1930.

Mrs. Elizabeth Mosty	J. S. A. Spicer
Lee Mosty	Elizabeth Spicer
Harvey Mosty	R. H. Morris
Ruth Hamilton	Mrs. Addie Morris
Mark Mosty	J. S. Hamilton

THE STATE OF TEXAS :

COUNTY OF KERR :

BEFORE ME, E. H. Turner, a Notary Public in and for said County and State, on this day personally appeared Mrs. Elizabeth Mosty & Harvey Mosty known to me to be

the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office, this 18th day of Feb. A. D. 1930.

(SEAL)

E. H. Turner,

Notary Public, Kerr Co., Texas.

THE STATE OF TEXAS :

COUNTY OF KERR : Before me, the undersigned authority, a Notary Public in and for Kerr County, Texas, on this day personally appeared J. S. Hamilton and Mrs. Ruth Hamilton, wife of said J. S. Hamilton known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said Mrs. Ruth Hamilton wife of the said J. S. Hamilton, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mrs. Ruth Hamilton, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it. GIVEN under my hand and seal of office this the 18 day of February, A. D. 1930.

(SEAL)

E. H. Turner

Notary Public in and for Kerr County, Texas.

THE STATE OF TEXAS :

COUNTY OF KERR : Before me, the undersigned authority, a Notary Public in and for Kerr County, Texas, on this day personally appeared J. S. A. Spicer and Elizabeth Spicer, wife of said J. S. A. Spicer, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said Mrs. Elizabeth Spicer, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mrs. Elizabeth Spicer, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it. GIVEN under my hand and seal of office, this the 19th day of February, A. D. 1930.

(SEAL)

E. H. Turner

Notary Public in and for Kerr County, Texas.

THE STATE OF TEXAS :

COUNTY OF KERR : Before me, the undersigned authority, a Notary Public in and for Kerr County, Texas, on this day personally appeared R. H. Morris and Mrs. Addie Morris, wife of said R. H. Morris, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said Mrs. Addie Morris, wife of the said R. H. Morris, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mrs. Addie Morris, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it. GIVEN under my hand and seal of office this the 27 day of February, A. D. 1930.

(SEAL)

E. H. Turner

Notary Public, in and for Kerr County, Texas.

THE STATE OF TEXAS :

COUNTY OF KERR : Before me, the undersigned authority, a Notary Public in and for Kerr County, Texas, on this day personally appeared Lee A. Mosty, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same

for the purposes and consideration therein expressed. GIVEN under my hand and seal of office this the 18 day of February, A. D. 1930.

(SEAL)

E. H. Turner.

Notary Public in and for Kerr County, Texas.

THE STATE OF TEXAS :

COUNTY OF KERR : BEFORE ME, E. H. Turner, a Notary Public in and for said County and State, on this day personally appeared Mark Mosty known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 17th day of February, A. D. 1930.

(SEAL)

E. H. Turner

Notary Public, Kerr Co., Texas.

Filed for record Mar. 7, 1930, at 11:55 o'clock A. M.

Recorded March 31, 1930, at 10:55 o'clock A. M.

EASEMENT

THE STATE OF TEXAS :

COUNTY OF KERR : KNOW ALL MEN BY THESE PRESENTS: That we, E. C. Meeker and Martha Meeker, husband and wife, of the County of Kerr and State of Texas, for and in consideration of the Sum of Ten and No/100 (\$10.00) Dollars, and other good and valuable consideration to us in hand paid, the receipt of which is hereby acknowledged, and further the right to connect to said sewer system, have Bargained, Granted, Sold and Conveyed and by these presents do Bargain, Grant, Sell and Convey unto the City of Kerrville, Texas, its successors and assigns, the right to lay, construct, maintain and operate a sewer pipe line, for the conveyance and carriage of sewage from said City of Kerrville running over, through and upon for a distance of approximately 1600 feet, more or less, that certain parcel of land now owned by us situated in Kerr County, Texas, out of Survey No. 113 in name of Samuel Wallace, containing 165 acres of land, more or less, and being the same parcel of land embraced and described in a certain five year option contract between us, on the one part, and Wm. Lee Secor and W. L. Council on the other part, of date March 2nd, 1925, and recorded in Vol. 45, page 373 of the Deed Records of Kerr County, Texas, and lying immediately North East of land now owned and occupied by Mrs. Elizabeth Mosty out of said Survey No. 113, and between said Mosty land and that parcel of land purchased by and conveyed to said City of Kerrville by M. F. Weston, for sewage disposal purposes, by deed of date October 31st, 1929, recorded in Book 50 page 640 of the Deed Records of Kerr County, Texas. Said sewer pipe line is to follow a route, over, through and upon said 165 acre parcel of land above mentioned heretofore surveyed and agreed upon by the parties hereto, running from the present sewage disposal plant of said City of Kerrville, on the North bank of the Guadalupe River, just below said City of Kerrville, to a certain parcel of land conveyed by M. F. Weston to said City of Kerrville by Deed of Date October 31st, 1929 above mentioned and referred to.

Said pipe line to be laid at a sufficient depth beneath the surface of the ground that same will in no manner interfere with the surface uses of said property.

There is also hereby granted the right of ingress, egress, and regress to and from and over said parcel of land of 165 acres, more or less, out of said Survey No. 113 in name of Samuel Wallace hereinbefore mentioned and described for the purpose of laying, maintaining, operating and repairing said pipe line and for removing the same when desired by the grantee.

TO HAVE AND TO HOLD the said easement rights unto the said City of Kerrville, Texas, its successors and assigns so long as same shall be used or needed, for the purpose herein set forth or shall be abandoned by the Grantee.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. - 2011**

**A RESOLUTION ABANDONING A SEWER PIPELINE EASEMENT GENERALLY
LOCATED WITHIN AN UNDEVELOPED TRACT ADDRESSED AS 2315 EAST
MAIN; AND ORDERING RECORDING**

WHEREAS, a sewer pipeline easement ("Easement") was previously conveyed to the City of Kerrville, Texas ("City") for property located at 2315 East Main (the "Property"), as evidenced by the instrument recorded at Volume 51, Page 373 of the Real Property Records of Kerr County, Texas; and

WHEREAS, the current owner of the Property has requested that the City abandon the Easement which impacts the Property; and

WHEREAS, City staff has affirmed that the City is neither using nor has any plans to use the Easement, as the City's wastewater main to serve the Property is located on adjacent property; and

WHEREAS, in order to avoid any future cost to the public that might be required with respect to the future maintenance of the Easement, the City Council of the City of Kerrville, Texas finds it to be in the public interest to abandon the Easement;

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

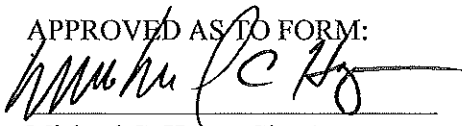
SECTION ONE. The City Council of the City of Kerrville, Texas, finds that the Easement located at 2315 East Main, as conveyed to the City and recorded at Volume 51, Page 373 of the Real Property Records of Kerr County, Texas, said Easement attached as **Exhibit A**, will no longer serve a public interest and should be abandoned.

SECTION TWO. Based upon the findings made in Section One, above, and in accordance with the City's policy regarding the disposition of real estate, the City Council authorizes the City Manager to execute and then file and record the Abandonment of Easement, as attached at **Exhibit B**, in the Real Property Records of Kerr County, Texas.

PASSED AND APPROVED ON this the _____ day of _____ A.D., 2011.

David Wampler, Mayor

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda G. Craig, City Secretary

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ABANDONMENT OF EASEMENT

**STATE OF TEXAS §
 §
COUNTY OF KERR §**

WHEREAS, by instrument dated February 17, 1930, executed by Elizabeth Mosty, surviving widow of L.A. Mosty; Lee A. Mosty; Harvey Mosty; Mark Mosty; Karl Mosty; Elizabeth Spicer (Nee Mosty), joined by her husband, J.S.A. Spicer; Addie Morriss (Nee Mosty), joined by her husband, R.H. Morriss; Ruth Hamilton (Nee Mosty), joined by her husband, J.S. Hamilton; and Evelyn Mosty, which were the sole and only heirs at law of L.A. Mosty; and recorded in Volume 51, Page 373, Real Property Records, Kerr County, Texas, the undersigned City of Kerrville, Texas ("City"), obtained a sewer pipeline easement for the right to lay, construct, maintain, and operate a sewer pipeline over, through, and upon the property described in said instrument (the "Easement"); and

WHEREAS, the current owner of the property, which includes the Easement, Michael Sandefur, President, Hervey Square Limited Partnership, has requested that the City abandon the Easement, as no such sewer pipeline was ever constructed within the Easement; and

WHEREAS, the City has ascertained that the sewer pipeline used to provide service for this property and the surrounding area is located within other easements and public rights-of-way located in the area and thus, the Easement is and will be unnecessary; and

WHEREAS, the City Council of the City of Kerrville, Texas, has determined that the Easement, which was obtained by the City in the instrument referred to above, is no longer necessary to the operation of the City's wastewater systems and that as such, the Easement should be abandoned;

NOW THEREFORE, the City Council of the City of Kerrville, Texas, by Resolution No. _____-2011 duly made and adopted at its regular meeting of May 24, 2011, has abandoned and does hereby evidence abandonment of the Easement.

EXECUTED this the _____ day of _____, 2011.

(signatures begin on following page)

CITY OF KERRVILLE, TEXAS

Jeffrey Todd Parton, City Manger

ATTEST:

Brenda G. Craig, City Secretary

THE STATE OF TEXAS §
 §
COUNTY OF KERR §

This instrument was acknowledged before me on this the _____ day of _____, 2011, by JEFFREY TODD PARTON, City Manager, City of Kerrville, Texas, on behalf of said City.

Notary Public in and for the State of Texas

Agenda Item:

(Staff)

- 3C. Authorize the execution of a license agreement with Kerrville's Fourth on the river for entertainment for the 4th of July event.

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

SUBJECT: License Agreement with Kerrville's Fourth on the River Foundation

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: May 31, 2011

SUBMITTED BY: Malcolm Matthews
Director of Parks
and Recreation

CLEARANCES: Kristine Ondrias
Assistant City Manager

EXHIBITS: License Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The *Kerrville's Fourth on the River Foundation*, a local 501(c)3 non-profit organization, has been formed to produce the July 4, 2011 event, with activities in Louise Hays Park and the downtown area. In order to provide authorization for the Foundation to produce the event and utilize City property, a license agreement needs to be entered between the Foundation and the City (see attached License Agreement).

During the FY11 budget discussions, private sponsorship of the annual fireworks display and expanding the City's July 4th Celebration were recommended by the City Council. City staff began working with the Young Men's Business League and the Kerr Market Days in August 2010 to discuss ways to expand the July 4th event. Since the initial meetings, an all-day, signature event for Kerrville with named entertainment has been the objective, to include the creation of a non-profit organization to produce and manage the event. Several individuals involved in the process have created and secured the non-profit designation, established a Board of Directors, planned activities/booked entertainment for the event, and negotiated the terms of this license with the City. (Separately, Mamacita's Restaurants has donated funding to the City for continuation of the fireworks display for the next 10 years.). In addition, progress reports over the past several months have been provided to the City Council by the City's Business Programs Office and the Foundation with updates on the event and the City's immediate and long term relationship with the Foundation.

The major business points for the 2011 event and license agreement include:

- The agreement will be for the 2011 event only, with the approach being to enter into a multi-year agreement beginning in 2012. This gives both the Foundation and the City the opportunity to adjust the event/agreement after this first year.
- The public property utilized for the 2011 event will include the downtown Boardwalk Pavilion and a large percentage of Louise Hays Park (the "Licensed Premises"). The license agreement does not include any area or activities that occur on private property or the west-most area of Louise Hays Park, which is used for the City's fireworks display.
- The license includes one scheduled event-day (July 4th) and one clean-up day (July 5th). There is no rain-out date for the Foundation's events, however, the fireworks, which will remain the City's responsibility in 2011, has one rain-out day available, which will be July 5th.
- The City will provide the same level of service that has been provided over the past several years, to include Police, Fire, EMS, Public Works, and Parks and Recreation support, which will be primarily involved with street closures/barricading, traffic/pedestrian control, emergency services, and trash removal.
- The Foundation will be responsible for site management of the Licensed Premises, to include the planning/securing/funding of activities and performances, operation of the Performance Area with fencing, ticket sales/gate control, comfort stations, securing permits and paying for entertainment and taxes.
- The fenced Performance Area for the concert is a ticketed event (both advanced sales on-line and at the door) with attendance limited to up to 10,000 persons. The Performance Area will be the only area where alcohol will be sold, but no alcohol or glass containers can be brought into the fenced Performance Area. Attendees will be allowed to bring chairs, blankets, towels, coolers, or similar products into the Performance Area.
- Safety to attendees will be of the highest priority, to include first aid stations, emergency access routes, free water sources for the public, and Police and EMS on site.
- Foundation will provide no less than one portable toilet for every 100 attendees to the event.
- Nudity, partial nudity, inappropriate displays/activities, or discrimination will be prohibited.
- Foundation will be responsible for securing all insurance, permits, and utilities for the event and will provide all marketing.

RECOMMENDED ACTION

Staff recommends the approval of the one-year license agreement with the *Kerrville's 4th on the River Foundation* to produce the 2011 July 4th event in Louise Hays Park and in the downtown area.

DRAFT

LICENSE AGREEMENT FOR SPECIAL EVENT **(Kerrville's 4th on the River)**

THIS LICENSE AGREEMENT ("Agreement") is entered into and effective as of the _____ day of June, 2011, by and between City of Kerrville, Texas ("City"), a Texas home-rule municipal corporation, acting herein through its City Manager; and Kerrville's 4th on the River ("KFOR"), a Texas nonprofit corporation, acting by and through its duly authorized officer. Collectively the City and KFOR may be referred to as the "Parties" and individually as the "Party".

BACKGROUND

WHEREAS, City and KFOR are working together to produce a July 4th celebration for the citizens of Kerrville and others; and

WHEREAS, this Agreement is intended to formalize the relationship and further illustrate the collaboration between the Parties by setting forth understandings regarding this production and to help ensure the establishment of appropriate safeguards for a safe and successful event; and

WHEREAS, through this special event and its fundraising efforts, KFOR seeks to provide financial support to the City for the construction of its River Trail; and

WHEREAS, the City Council finds that the July 4th celebration to be held primarily within the City's Louise Hays Park and the downtown area, as indicated on the map found at **Exhibit A**, will benefit the public through the offering of entertainment, will raise funds to be used by the City for its River Trail, and will encourage tourism and the promotion of the downtown area;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties have agreed as follows:

I. APPOINTMENT OF KFOR AS COORDINATOR; LICENSE FOR USE OF City PROPERTY

- 1.1** City hereby appoints KFOR and KFOR hereby accepts the appointment of the official coordinator of the event known as the Kerrville's 4th on the River (the "Event").
- 1.2** City hereby grants KFOR the right to temporarily use and occupy the City's Louise Hays Park ("Licensed Premises"); a smaller, fenced area within the Licensed Premises for musical performances ("Performance Area"); and the Boardwalk Pavilion for the Event, subject to the terms and conditions of this Agreement. When used herein, the term "Licensed Premises" shall include and mean "Performance Area". The Licensed Premises, Performance Area, and Boardwalk Pavilion shall be located as indicated on the map, which is attached as **Exhibit A**. KFOR shall use the License Premises solely for the operation of this Event and for no other purpose.

- 1.3 KFOR, at all times, shall control its contractors, agents, representatives, vendors, concessionaires, and volunteers. City may remove any and all such persons from the Licensed Premises who engage in disorderly or unsafe conduct. In the event of the exercise of this authority, KFOR hereby waives any and all claims for damages against the City and its officers, employees, and agents on account thereof.

II. TERM

- 2.1 The term of this Agreement is from the date that this Agreement is signed by both Parties through July 5, 2011.

III. IMPROVEMENTS

- 3.1 KFOR shall not construct, or allow to be constructed, any permanent improvements or structures on the Licensed Premises nor shall KFOR make, or allow to be made, any alterations to the Licensed Premises unless approved by the City's Director of Parks and Recreation ("Director") or designee.

IV. RULES, REGULATIONS, AND RESPONSIBILITIES

- 4.1 KFOR shall comply with any request of the City's Police Department and its officers and the City's Fire Marshal.
- 4.2 City, through its Parks and Recreation Department, Police, Fire, EMS, and/or other representatives, shall have the right at any time to enter any portion of the Licensed Premises for any purpose. The Licensed Premises shall at all times remain under the sole charge and control of the Director or his designated representatives. The entrances and exits of the Licensed Premises and the Performance Area shall be open or closed under the direction of KFOR in accordance with the terms of this Agreement and the normal constraints for public safety as determined by the Director or designated representatives.
- 4.3 KFOR shall ensure that all pathways, entrances, and points of ingress and egress remain unobstructed and that such is not used for any other purposes other than public ingress or egress.
- 4.4 KFOR is responsible for providing and installing fencing around the Performance Area. The installation of fencing shall account for crowd assembly at gate and ticketing areas and provide a setback that promotes safe assembly and movement on the grounds and area(s) adjacent to rights of way for entry, exit, and assembly activities. Fencing shall include easily removed sections for safety and crowd management purposes. Fencing installation and removal should include a visual inspection of the grounds to remove wire clippings and product that may have become dislodged or dropped during installation.
- 4.5 KFOR shall ensure that the entrance and exit gates to the Performance Area do not impede or depend solely on the adjacent public right of way. KFOR shall take steps to ensure that fence line setbacks are provided to accommodate a smooth flow of persons

without causing undue wait times and that create necessary crowd assembly and public movement areas without sole use of public areas.

- 4.6 KFOR shall not bring or permit anyone to bring or keep anything into the Licensed Premises or Performance Area that will or may increase the fire hazard or adversely affect the Licensed Premises. KFOR shall not bring any personal property onto the Licensed Premises or place or put up any decorations that may damage Licensed Premises without the consent of the City.
- 4.7 Only those persons who have purchased tickets and the employees, contractors, agents, representatives, vendors, concessionaires, and volunteers of the KFOR shall be allowed to enter the Performance Area.
- 4.8 KFOR shall not admit into the Performance Area more than 10,000 persons or a lesser number as determined by the City can safely or freely move about within the Performance Area and the decision of the City in this respect will be final. This capacity does not include KFOR or its contractors, agents, representatives, vendors, concessionaires, and volunteers. Contingency plans for security and public services necessary for a larger crowd than anticipated will be agreed to with the City prior to the Event, with the KFOR providing the City with the number of tickets which have been purchased in advance.
- 4.9 Beer sales shall only occur within the Performance Area.
- 4.10 KFOR shall permit anyone to enter the Performance Area with ice chests, coolers, thermoses, lounge chairs, blankets, towels or similar products. KFOR will not permit alcohol or glass containers in the Performance Area.
- 4.11 KFOR shall allow attendees to enter the Performance Area with factory sealed water bottles in clear plastic containers. KFOR shall ensure that this policy is clearly expressed to the public in its marketing and promotion materials prior to the Event and at the entrance to the Performance Area.
- 4.12 KFOR and its contractors, agents, representatives, vendors, concessionaires, and volunteers shall conduct the Event in accordance with federal, state, and local laws, including applicable noise regulations.
- 4.13 KFOR shall pay all applicable federal, state, and local taxes in connection with the Event and Event performances, exhibitions, or entertainment, and shall furnish City all necessary information in order that City may report the transactions to the proper authorities. KFOR is responsible for the collection and reporting of all taxes due any governmental entity for the sale of tickets or sale of other taxable items, including vending and concessions. **KFOR AGREES TO INDEMNIFY AND HOLD THE CITY HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF THE COLLECTION, REPORTING, AND/OR PAYMENT OF TAXABLE SALES OCCURRING IN CONNECTION WITH THE EVENT.**

- 4.14** KFOR may use and place only temporary advertisements, signs, decorations, posters, banners, inflatable balloons, and displays (“signage”) in, on, or about the Licensed Premises. All signage shall be subject to the prior written approval of City. KFOR agrees to remove and properly dispose of all signage from the Licensed Premises when KFOR vacates the Licensed Premises.
- 4.15** KFOR shall establish a first aid/comfort station.
- 4.16** KFOR should ensure that its vendors have ample water supplies for sale and/or distribution to the public. In addition, KFOR is encouraged to ensure that ample public free water sources are available.
- 4.17** KFOR is prohibited from selling, distributing, promoting, and/or advertising tobacco or adult-oriented companies, products, or organizations in any manner.
- 4.18** Profanity and obscenity shall be discouraged.
- 4.19** No activity or method of operation shall be allowed in, on, or about the Licensed Premises which exposes patrons to nudity or to partial nudity. “Nudity” means total absence of clothing or covering for the human body. “Partial nudity” means exposure of the female breast or the exposure of the male or female pubic area or buttocks.
- 4.20** The operation of a massage business, tanning salon, gambling casino, or gambling of any nature shall not be allowed in, on, or about the Licensed Premises.
- 4.21** Discrimination on account of race, color, sex, age, disability, or national origin, directly or indirectly, in employment or in the use of or admission to the Licensed Premises is prohibited.
- 4.22** KFOR shall obtain any required parking permits or street closure permits from City and/or the Texas Department of Transportation at least ten (10) days prior to the Event.
- 4.23** KFOR shall secure and provide information to the public regarding parking and designated ADA parking accommodations.
- 4.24** City shall have final approval for the KFOR’s placement of all equipment, stages, portable amenities, and signage (“Event Structures”) within the Licensed Premises. The KFOR shall remove all Event Structures from the Licensed Premises on or before the time specified in the Event Plan, as defined in Section V below.
- 4.25** KFOR shall secure all local and state permits associated with the Event or require its authorized concessionaires and vendors to obtain such permits.
- 4.26** KFOR shall assign an event coordinator to ensure compliance with this Agreement and provide City with a single point of contact. KFOR shall provide City with all contact information for the event coordinator, such information to include cell, business, and home telephone numbers and an email address.

- 4.27 KFOR assumes all liabilities and costs arising from the use of patented, trademarked, or copyrighted materials, equipment, devices, processes or dramatic and performance rights used on or incorporated in conducting the Event. KFOR shall ensure that all applicable licensing fees are paid, such as the American Society of Composers, Authors, and publishers (ASCAP) fee. **KFOR SHALL INDEMNIFY AND HOLD CITY HARMLESS FROM ALL DAMAGES, COSTS, AND EXPENSES IN LAW OR EQUITY FOR OR ON ACCOUNT OF ALL CLAIMS ARISING OUT OF THE USE OF ANY PATENTED, TRADEMARKED OR COPYRIGHTED MATERIALS, EQUIPMENT, DEVICES, PROCESSES OR DRAMATIC OR PERFORMANCE RIGHTS FURNISHED OR USED BY KFOR, AND ALL CLAIMS ARISING INCIDENT TO THIS AGREEMENT.**
- 4.28 KFOR shall be responsible for the marketing of the Event and all production costs associated with marketing.
- 4.29 City grants to KFOR the sole and exclusive right to sell drinks, food, souvenirs, or other merchandise of any sort on the Licensed Premises. KFOR shall be responsible for recruiting and contracting directly with food, beverage, and merchandise vendors and entertainment and KFOR shall be responsible for ensuring all associated permits and licenses have been obtained and are current and available for inspection. KFOR may lease all concession or vending rights to any person or persons, subject to prior, written approval by City. KFOR shall provide City with a list or copy of permits of all permitted food and beverage vendors for the Event.
- 4.30 KFOR shall take all appropriate steps to prevent and pick-up litter including efforts to prevent and remove litter from the Guadalupe River.
- 4.31 KFOR is prohibited from selling or using glass containers with respect to the serving of food or beverages or where used on any product, merchandise, and/or novelty item. All cardboard boxes and packaging brought on site shall be broken down and collected for recycling provided by City. Samples, merchandise, and other items for sale should be removed from plastic and/or paper packaging and recycled or disposed of accordingly.
- 4.32 KFOR, its contractors, agents, representatives, vendors, concessionaires, and volunteers or the patrons attending the Event are prohibited from giving away free samples or merchandise without the prior, written consent of City.
- 4.33 KFOR shall be responsible for the creation and distribution of credentials for the Licensed Premises and Performance Area, including the issuance of any parking passes.
- 4.34 City is not responsible for providing, installing, and removing temporary fences and barricades for the Event.

- 4.35 City shall allow KFOR to make electrical connections to existing electrical service for use by KFOR during events, including the provision of electricity for the vendors and the entertainment stage. KFOR should coordinate electrical service directly with KPUB and licensed electricians. Any electrical or water service required for the Event beyond that which is currently available will be the responsibility of KFOR.
- 4.36 KFOR shall be responsible for removing trash during the Event and is responsible for providing, placing, maintaining, and removing trash containers, portable toilets, and grease traps.
- 4.37 KFOR shall provide portable toilets in an amount not less than 1 per 100 attendees, to be calculated based upon the estimated peak attendance period. In addition, 10% of portable toilets complying with the ADA shall be on site. The location of the portable toilets shall be identified in the Event Plan, per Section 5.1. KFOR shall remove the portable toilets before the termination of this Agreement. KFOR shall provide separate portable toilets for both entertainer and food vendor areas. KFOR shall ensure that hand sanitation stations are provided. City reserves the right to request and approve adjustments to portable toilet services depending on Event size, scope, and details.
- 4.38 City shall be responsible for street closures and traffic control outside of the Licensed Premises and in accordance with the TxDOT approved traffic control plan.
- 4.39 City shall be responsible to reserve the Licensed Premises for use in conjunction with the Event.
- 4.40 City shall be responsible for providing police, fire, and EMS personnel at the event, and shall place at least one (1) ambulance within the Licensed Premises.
- 4.41 KFOR shall be responsible for monitoring crowd activities, the operation of ticket booths, and the placement, use, and security of any ATM machines.

V. EVENT PLAN

- 5.1 For the Event, KFOR, in conjunction with City, shall develop an event plan ("Event Plan") outlining specific responsibilities of KFOR and City. Responsibilities to be outlined in the Event Plan include, but are not limited to: a) security; b) location of structures and equipment; c) event date and hours; d) staging date and times; e) breakdown dates/times; f) advertising and signage; g) street and/or lane closures, h) electrical requirements, i) coordination with local businesses, j) press conference, k) any other logistical or operational requirements. KFOR shall clearly diagram the location of all vendors and concessionaires on a site plan in a "booth-by-booth" manner.
- 5.2 The Event Plan shall be in writing, finalized, and agreed to by KFOR and City not later than ten (10) days prior to the event. Modifications after that date shall be in writing and agreed to by both Parties.

VI. DEFAULT AND REMEDIES

- 6.1** During the Event, a default occurs that is of a nature that threatens public safety or property damage or is a material breach in the operation of the Event by the KFOR and KFOR shall not cure such failure within one hour after verbal notice thereof to KFOR through the appointed event coordinator. If a breach cannot be cured within one hour, KFOR shall attempt the cure within one hour and thereafter diligently pursue a remedy.
- 6.2** Upon the occurrence of an event of default as heretofore provided, City may, at its option, declare this Agreement, and all rights and interests created by it, terminated. Upon City electing to terminate, this Agreement shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term hereof; or City may, at its option, resume possession of the Licensed Premises.
- 6.3** Any termination of this Agreement as included herein shall not relieve KFOR from any claim for damages then or theretofore accruing against KFOR hereunder, and any such sum or sums or claim for damages by any remedy provided for by law, or from recovering damages from KFOR for any default hereunder. All rights, options, and remedies of City contained in this Agreement shall be cumulative of the other and City shall have the right to pursue any one or all of such remedies or any other remedy or relief available at law or in equity, whether or not stated in this Agreement. No waiver by City of a breach of any of the covenants, conditions, or restrictions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other covenant, condition, or restriction herein contained.

VII. INDEMNIFICATION

- 7.1** **KFOR COVENANTS AND AGREES TO FULLY INDEMNIFY, DEFEND, AND HOLD HARMLESS CITY AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, AGENTS, REPRESENTATIVES, AND VOLUNTEERS, INDIVIDUALLY OR COLLECTIVELY, FROM AND AGAINST ANY AND ALL DEFENSE COSTS, CLAIMS, LIENS, DAMAGES, JUDGMENTS, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS OF ANY KIND IN LAW OR IN EQUITY AND NATURE: (1) ARISING OUT OF OR IN CONNECTION WITH KFOR'S USE AND/OR OCCUPANCY OF THE LICENSED PREMISES TO THE EXTENT IT ARISES OUT OF ANY NEGLIGENT ACT OR OMISSION OF KFOR OR ANY OF KFOR'S CONSULTANTS, CONTRACTORS, AGENTS, REPRESENTATIVES, VENDORS, CONCESSIONAIRES, VOLUNTEERS, PATRONS, GUESTS, OR INVITEES AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES, INCLUDING ANY DAMAGE TO OR LOSS OF ANY PROPERTY BELONGING TO: (A) KFOR OR KFOR'S CONSULTANTS, CONTRACTORS, AGENTS, REPRESENTATIVES, VENDORS, CONCESSIONAIRES, VOLUNTEERS, PATRONS, GUESTS, OR INVITEES AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS, AND REPRESENTATIVES; OR (B) CITY AND ITS ELECTED**

OFFICIALS, EMPLOYEES, OFFICERS, AGENTS, REPRESENTATIVES, AND VOLUNTEERS. THE INDEMNITY PROVIDED FOR HEREIN SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM A NEGLIGENT ACT OR OMISSION OR WILLFUL MISCONDUCT OF CITY, ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, AGENTS, REPRESENTATIVES, AND VOLUNTEERS IN INSTANCES WHERE SUCH NEGLIGENCE CAUSES PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE, EXCEPT TO THE EXTENT PROVIDED BELOW. IN THE EVENT KFOR AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH TEXAS STATE LAW, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY, ITS ELECTED OFFICIALS, OFFICERS, AND EMPLOYEES UNDER TEXAS LAW AND WITHOUT WAIVING ANY OTHER LAWFUL DEFENSES AVAILABLE TO OTHERS.

- 7.2 KFOR shall promptly advise City in writing of any claim or demand against City or KFOR known to KFOR related to or arising out of KFOR's or City's activities under this Agreement. Further, KFOR shall see to the investigation and defense of any such claim or demand against KFOR or City at KFOR's sole cost until such time as City is found to be negligent by a court of competent jurisdiction. City shall have the right, at its option and at its own expense, to participate in such defense without relieving KFOR of any of its obligations under this paragraph.
- 7.3 The provisions of this INDEMNIFICATION are solely for the benefit of the Parties and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.
- 7.4 KFOR and its contractors, agents, representatives, vendors, concessionaires, and volunteers while engaged in the performance of any work required by the City or any work related to this Agreement shall be considered representatives, agents, or volunteers of KFOR only and not of City. Any and all claims that may result from any obligation for which KFOR may be held liable under any Workers' Compensation, Unemployment Compensation, or Disability Benefits law or under any similar law on behalf of said representatives, agents, or volunteers shall be the sole obligation and responsibility of KFOR.
- 7.5 All personal property placed within the Licensed Premises shall be at the sole risk of the KFOR. City shall not be liable and KFOR waives all claims for any damage either to the person or property of KFOR or to other persons due to the Licensed Premises or any part of appurtenances thereof becoming out of repair or arising from bursting or leaking of water, gas, waste pipes, or defective wiring or excessive or deficient electrical current; or from any act or omission of or other occupants of the Licensed Premises, or any other persons; due to the happening of any accident in or about said Licensed Premises. **KFOR SHALL SAVE AND HOLD HARMLESS CITY FROM ANY CLAIMS ARISING OUT OF DAMAGE TO KFOR'S PROPERTY OR DAMAGE TO KFOR'S BUSINESS.**

VIII. INSURANCE REQUIREMENTS

- 8.1** Prior to the commencement of the Event, KFOR shall furnish copies of all required endorsements and an original completed Certificate(s) of Insurance to the City, which shall clearly indicate the Event in the Description of Operations block of the Certificate. The original Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. City will not accept Memorandum of Insurance or Binders as proof of insurance. The original certificate(s) or form must have the agent's original signature, including the signer's company affiliation, title, and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. City shall have no duty to perform under this Agreement until such certificate and endorsements have been received and approved by the City. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.
- 8.2** The City reserves the right to review the insurance requirements of this section and to modify insurance coverages and their limits when deemed necessary and prudent by the City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding the Agreement, but in no instance will the City allow modification whereupon the City may incur increased risk.
- 8.3** As the KFOR's financial integrity is of interest to City, therefore, subject to KFOR's right to maintain reasonable deductibles in such amounts as are approved by City, KFOR shall obtain and maintain in full force and effect for the duration of the Agreement, at KFOR's sole expense, insurance coverage written, on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and rated A.M. Best's rating of no less than A-(VII), in the following types and for an amount not less than the amount listed.

TYPE	AMOUNT
1. Commercial General (Public) Liability	Statutory
a) Premises/Operations	\$1,000,000/\$1,000,000/\$1,000,000
b) Independent Contractors umbrella or excess liability	For Bodily Injury and Property Damage of \$1,000,000 per occurrence, \$2,000,000 general aggregate or its equivalent in
c) road Form Contractual Liability coverage	
d) Products/completed operations	
e) Broad form property damage, to include fire legal liability	
f) Personal Injury	
g) Host Liquor Liability	
h) Liquor Legal Liability	

2. Comprehensive Automobile Liability a) Owned/Leased Vehicles b) Non-owned Vehicles c) Hired Vehicles	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence or its equivalent
3. Property Insurance: For physical damage to the property of KFOR, including improvements and betterment to the Licensed Premises	Coverage for a minimum of eighty percent (80%) of the replacement cost of the KFOR's property

8.4 KFOR provide Host Liquor and Liquor Liability insurance coverage in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, or its equivalent in umbrella or excess liability coverage or require any person or entity that KFOR has conveyed concession rights for the sale and disbursement of alcoholic beverages, to purchase Liquor Liability insurance and provide a Certificate of Insurance and Endorsement that names the KFOR and the City as an additional insured.

8.5 KFOR agrees to obtain General Liability insurance with minimum limits of not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate from each vendor or concessionaire sublicensed by KFOR and provide a Certificate of Insurance and Endorsement that names KFOR and City as an additional insured.

8.6 City shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by City and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions, except where policy provisions are established by law or regulation and are binding upon either party hereto or the underwriter of any such policies.

8.7 KFOR agrees that with respect to the above-required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:

- A. Name City and its elected officials, employees, officers, agents, representatives, and volunteers as additional insureds by endorsement as respects operations and activities of, or on behalf of, the named insured performed under contract with City, with the exception of: the workers' compensation and professional liability policies;
- B. Provide for an endorsement that the "other insurance" clause shall-not apply to the City where the City is an additional insured shown on the policy;
- C. Workers' compensation, employers' liability, and property insurance policies will provide a waiver of subrogation in favor of the City; and
- D. Provide immediate written notice directly to the City of any suspension cancellation, or material change in coverage.

- 8.8 City shall have the option to suspend KFOR's performance should the required insurance be cancelled or modified during this Agreement. KFOR's failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement. All notices, replacement certificates of insurance and endorsements shall be delivered to the City to the address indicated below or as may be directed by City.
- 8.9 In addition to any other remedies the City may have upon KFOR's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, City shall have the right to order KFOR to stop work hereunder and vacate the Licensed Premises until KFOR demonstrates compliance with the requirements hereof.
- 8.10 Nothing herein contained shall be construed as limiting in any way the extent to which KFOR may be held responsible for payments of damages to persons or property resulting from the performance of work covered under this Agreement by KFOR or its contractors, agents, representatives, vendors, concessionaires, and volunteers.
- 8.11 KFOR agrees that its insurance shall be deemed primary and noncontributory with respect to any insurance or self-insurance carried by City for liability arising out of operations under this Agreement.
- 8.12 It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement.

IX. SEPARABILITY

- 9.1 If any clause or provision of this Agreement is illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, then and in that event it is the intention of the Parties that the remainder of this Agreement shall not be affected thereby; and, it is also the intention of the Parties to this Agreement that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision may be possible and be legal, valid, and enforceable.

X. NOTICES

- 10.1 Notices to City required or appropriate under this Agreement shall be deemed sufficient if in writing and hand delivered; mailed, Registered or Certified mail, Postage Prepaid; or faxed to the addresses and telephone number as follows:

City Manager
City of Kerrville
800 Junction Highway
Kerrville, Texas 78028
FAX (830) 792-5804

With a copy to:
Director, Parks and
Recreation Department
City of Kerrville
800 Junction Highway
Kerrville, Texas
FAX (830) 896-6220

Or to such other address as may have been designated in writing by City.

Notices to KFOR required or appropriate under this Agreement shall be deemed sufficient if in writing and hand delivered; mailed, Registered or Certified mail, Postage Prepaid; or faxed to the addresses and telephone number as follows:

Kerrville's 4th on the River
2122 W. Bluff Drive
Kerrville, Texas 78028 _____

With a copy to:
John Carlson
Attorney for Kerrville's 4th on the River
260 Thompson Drive, Suite 7
Kerrville, Texas 78028

Or to such other address as may have been designated in writing by City.

XI. PARTIES BOUND

- 11.1** The covenants and agreements herein contained shall insure to the benefit of and be binding upon the Parties; their respective heirs, legal representatives, successors, and such assigns as have been approved by City.

XII. TEXAS LAW TO APPLY

- 12.1** This Agreement shall be construed under and in accordance with the laws of the state of Texas and all obligations of the Parties are performable in Kerr County, Texas.

XIII. RELATIONSHIPS OF PARTIES

- 13.1** Nothing contained herein shall be deemed or construed by the Parties hereto or by any third party as creating the relationship of employer and employee, principal and agent, partners, joint ventures, or any other similar relationship between the Parties.

XIV. GENDER

- 14.1** Any words of gender used in this Agreement shall be held and construed to include any other gender and words in the singular number shall be held to include the plural, unless the context otherwise requires.

XV. CAPTIONS

- 15.1** The captions contained in this Agreement are for convenience of reference only and in no way limit or enlarge the terms and conditions of this Agreement.

XVI. ENTIRE AGREEMENT AND AMENDMENT

- 16.1** This Agreement constitutes the entire agreement between the Parties and any other written or oral agreements with City being expressly waived by KFOR.
- 16.2** No amendment, modification, or alteration of the terms of this Agreement shall be binding unless the same is in writing, dated subsequent to the date hereof, and duly executed by the Parties hereto.

XVII. AUTHORITY

- 17.1** The signer of this Agreement for KFOR hereby represents and warrants that he or she has full authority to execute this Agreement on behalf of KFOR.

(signatures begin on next page)

SIGNED ON THIS ____ DAY OF _____, 2011.

City of Kerrville, Texas

Kerrville 4th on the River:

By: _____
Jeffrey Todd Parton, City Manager

By: _____

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

EXHIBIT A



**KERRVILLE'S 4TH ON THE RIVER
LICENSE AGREEMENT MAP**



LICENSED AREA
PAVILLION

PERFORMANCE AREA
4:00 PM TO 9:00 PM
Flag Ceremony
Entertainment Stage
Fenced with Gate Fee
Food Vendors

LICENSED AREA
EAST END - LOUISE
HAYS PARK
4:00 PM TO 9:00 PM
Possible Parking In Open Area
Family Free Area

WEST END - LOUISE HAYS PARK
ALL DAY
Family Area
Kids Activities
Food Vendors
9:15 PM TO 9:30 PM
Fireworks

Agenda Item:

(Staff)

- 3D. Authorize execution of a bank depository services contract with Wells Fargo.

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

SUBJECT: Authorize the City Manager to enter into a bank depository contract with Wells Fargo beginning July 1, 2011 and extending through June 30, 2014 with two (2) one - year extension options.

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 1, 2011

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Analysis of Banking Depository Service Proposals

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The current bank depository service contract with Wells Fargo has been in place since April 1, 2006 and Section 105.017 of Chapter 105 of the Local Government Code states a depository contract term does not exceed five years. The City placed an RFP out March 23, 2011 and received bids from Wells Fargo, Security State Bank & Trust and BBVACompass. Each of the Banks' proposals was very good and all banks offered solid banking services. Patterson & Associates, the City's investment advisor, worked with the City to write and review the banking RFP as they did in 2006. The recommendation from Patterson & Associates, that City staff concurred with, is to award the banking depository services contract to Wells Fargo. This recommendation is based on services provided, the costs avoided by not having to transition and the ultimate earnings in the bank. Wells Fargo allows the City to maintain the lowest deposit amount, \$1,741,781, to offset fees.

RECOMMENDED ACTION

The Director of Finance recommends authorizing the City Manager to enter into a contract with Wells Fargo for the banking depository service.

City of Kerrville, Texas
Analysis of Bank Depository Service Proposals
May 2011

The City of Kerrville solicited proposals for banking services to serve the City with efficient and cost effective banking services in March 2011. The City intended for its banking partner to provide state-of-the-art technology to assure that its current banking needs would be met and that it will be able to incorporate technological changes and improvements into its operations over the period of the contract. The contract was to be for a three-year period with the option to extend for two additional one year periods.

The City received three proposals for banking services in response to its Request for Proposal (RFP). The proposals were made by BBVA Compass Bank and Security State Bank, and Wells Fargo. Wells Fargo is the incumbent bank. All the banks have local facilities and services and are solid financial institutions which can provide the basic services required by the City. The banks are highly credit rated and have been shown to have contributed to the health of the community through their 'satisfactory' and 'outstanding' (Wells Fargo) CRA ratings (Community Reinvestment Act).

During this recessionary period, the creditworthiness and continuing strength of the City's banking partner is of utmost importance. The strength and credit condition of the banks has been evaluated through credit ratings but also through independent bank rating agencies which look at more than the credit background of the banks. These independent agencies evaluate capital, assets, management equity and liquidity and rank the banks versus peers in the region and nationally. In addition, to extend the overview the RFP required that with any change in credit or bank ratings during the period of the contract the City has required confirmation of the condition that it be notified as soon as allowable in any change.

The low rates tied to the economic conditions have also modified this evaluation in the review of earnings capabilities. The City uses two accounts so discussions regarding sweep accounts (which moves funds out of the bank every night to a higher yielding money market fund) are included but not critical – especially until rates rise. But, the RFP and evaluation has recognized the benefit of banks with sweep mechanisms from which to choose.

The City established objectives in the RFP as shown below and the evaluation was guided by these objectives.

- responsiveness and ability to provide services and reports required,
- banking services costs and earnings potential,
- experience, references, and continuity of bank and bank officials, and
- creditworthiness and stability of the bank.

Since banks bundle services and price services differently, the evaluation of the proposals was made on several different levels to capture and evaluate those differences equitably.

- (1) The services offered have been evaluated on the response to each question. The level of services offered are compared to the required specifics, the level of automation which can improve staff productivity, level of control, and availability of customer service on an on-going basis. The bank is also evaluated to determine its adaptability and capability to grow into new technologies as they become available.
- (2) The cost of specific and overall services has been compared between the banks on an equal basis.

- (3) The potential for earnings has been compared based on various account structures and based on historical data and future projections.
- (4) The proposals have been evaluated combining all these factors and netting earnings and costs to create a final, unbiased assessment through net impact.

These four levels of analysis have been completed and a detailed compilation of findings prepared. The worksheets which were used to make these analyses are attached as reference. The following report summarizes those findings. Comments here are not all-inclusive but are made on specific differences by way of explanation and illustration.

REQUIRED SERVICES EVALUATION

The City's RFP outlined and requested detailed information on all the services which would be required under the contract to perform its current banking services and to meet its projected needs. The goal is to have the banks perform those duties in the most cost effective/cost efficient manner. The RFP also requested information on two optional services which could be added during the contract period: stored value cards and imaged lockbox services for utility payments.

Specific functional areas of required services are discussed briefly below noting significant differences in service levels or capabilities between banks. The analysis evaluated all services, along with their associated costs, which will be used initially or added during the term of the contract. Neither the analysis nor recommendations automatically include services available if the costs were prohibitive or if their use by the City was unlikely.

Account Structure

Compass and Wells Fargo both have a sweep mechanism but like Security State are, in this low interest rate environment, offering a high ECR rate instead which reduces the amount of funds which must be left in the bank to pay for the fees. Security State does not have the capability to sweep. Rates will be discussed further later in the report but the banks are quite different in their approaches. Compass has tied their rates to Libor minus 10 bps whereas Wells Fargo is using the 0.75% floor on ECR then it will switch to the 3 month Treasury Bill which historically is lower by approximately 30 bps (since 2009). Security State is using Fed Funds which will be lower than the 3 month area.

Automation

Both the banks have the basic reporting and transactional services needed. All utilize automated services which reduce time and effort required of City staff for standard banking functions (balance reporting, wires, ACH, stop pays, positive pay, etc.). But, the additional services offered at Wells Fargo include cross-functionality of information for reporting, vault orders, lockbox and returns. All have dual or more levels of client controlled security administration.

As would be expected, larger interstate banking systems have an advantage over regional banks in the automated service area because of the resources which can be put towards system development across a nation client base. The investment, effort, and level of automation are evident in the services they are able to offer. Some differences appear in reporting functions availability and the ability to move to the next generation of automated processing such as *payables management* and *receivables management*.

All the banks focus on imaging of reports and transactions to speed delivery and reduce cost. The monthly CD-ROM, introduced only a few years ago for archiving, has effectively been replaced by downloads and bank archiving of information.

Deposit/Collection Services

In the area of basic deposit and collection services the banks handle operations quite similarly. The cutoff time at is the same except Wells Fargo offers a 6:00pm cutoff on Fridays. None require vault deposits. Compass and Security State prefer rolling and strapping but Wells Fargo requires it. Only Security State uses zippered deposit bags.

All three banks have a remote deposit service. Security State and Wells Fargo are offering free scanners to the City. The cut-off time at Compass and Wells Fargo is much later (9:00pm) than Security State (4pm).

Disbursing Services

The basic disbursing services are basically the same at the banks. In the area of disbursements, it is critical for any large institution/business to protect against fraudulent checks. The system designed by the banking industry to accomplish this is positive pay. Currently, the City uses positive pay in addition to partial reconciliation. All the banks offer this service.

With the positive pay process one key element is the decision times allowed by the bank for the City to research and make the reject/pay decision. The banks differ on the time allowed for the decision window. Compass allows only 9:00am to noon (3 hours), Security State from 10:00am to 2:30pm (4.5 hours) and Wells Fargo from 10:00am to 4:00pm (6 hours). Only Compass and Wells Fargo have payee verification. Wells Fargo also 'scrubs' transactions to correct obvious errors before reporting them as an exception.

The City asked for the ability for check holders to cash City checks without a fee at the bank. Security State agreed to this condition. Compass and Wells Fargo will charge a fee unless the check holder is an bank customer.

Account Reconciliation

All the banks offer positive pay but only Compass and Wells Fargo offer reconciliation services. Security State assumes that its positive pay service can effectively be used for reconciliation. Reports are produced by Wells Fargo in 2 days and 5 days from Compass.

Wires and Internal Transfers

In the area of wires and internal account transfers the banks are again very similar. Security State uses ledger balances whereas the other banks use collected balances. All have online initiation of wires and transfers. All have future dating of wires. Wells Fargo future dates 60 days, Compass one year and there is no limit at Security State.

ACH Services

ACH services are of paramount importance and represent the most cost efficient payment system. Its use is undoubtedly going to increase in importance in the future as new services develop. ACH saves the City considerable fees over traditional check processing. All the banks utilize NACHA¹ formats and services and function through SWACHA so there is little difference in the basic service. All have online input available as well as batch input but ACH returns are online only at Wells Fargo. All can future date ACH.

¹ National Association of Automated Clearing House Association

A critical point with ACH is the ability to establish blocks and filters on the accounts to eliminate ACH fraud. Wells Fargo offers several options on filters and blocks such as dollar amounts, ranges, originators or whole blocks. The other banks basically have only blocks available.

Investment Safekeeping

All the banks have online safekeeping information. Compass and Wells Fargo have their own safekeeping services. Security State safekeeps through Frost Bank. The correspondent at Security State requires that trades be sent in the prior day which is not always practical.

Collateral Conditions

The RFP outlined specific conditions for the provision and safekeeping of required collateral which were directed to maximum safety of the City's funds. The requirements included the 102% margin level for collateral, authorized collateral types, and the provision for independent third party safe-keeping. The banks were required to accept the conditions as stated. All banks have agreed to the conditions. Wells Fargo does say that the monthly report will be provided but does not confirm that the report will be provided by the custodian. This should be confirmed for safety.

Statements and Account Analyses

All the banks have account analyses and monthly statements online and available for downloads. Compass and Security State provide them on the CD. The analysis is available within 10 days for all the banks. The statements are on the monthly CD for Compass and Security State but not Wells Fargo. Statements are maintained online for all the banks however: at Compass 120 days, Security State 2 years and Wells Fargo for 12 months.

Overdraft Protection

Although the City does not anticipate any overdrafts the potential exists. Compass and Wells Fargo view overdrafts as an extension of credit and review each occurrence. Security State aggregates for the calculation and gives five free overdrafts.

Company Banking

All the banks have company banking. The package of basic services available to the employees of the City are the basically the same and include free checking and free ATM, discounts on loans and overdraft protection.

Optional Services

Stored Value Cards

As an "optional service", the RFP requested information on stored value cards (often called 'pay cards'). These 'pay cards' were originally developed for payment of compensation to employees without bank accounts and is a valid compensation process by law. However, the idea of stored value cards has now been expanded to many other applications such as travel expense reimbursement.

Compass and Wells Fargo have a 'pay card' application both of which are quite similar.

Scannable Lockbox

Compass Wells Fargo have lockboxes. Lockboxes now are handling all transactions in image form. Both of these banks lockboxes in Texas Compass Dallas or Houston and Wells Fargo in Dallas). The Wells Fargo model has more numerous pickups and faster processing with more formalized problem solving policies in place. The information transmitted back to the City is available next day from Compass and same day from Wells Fargo which makes a considerable difference in processing utility bills as well as other payments.

Service Summary

All the questions in the RFP were weighted to reflect their impact and importance to the City operations. Each question was then scored and a total weighted score calculated for each bank. The differences in the banks service capabilities is clear in the overall scoring:

BBVA Compass	892
Security State	679
Wells Fargo	925

BANKING COSTS EVALUATION

In its RFP the City has reserved the right to pay for services on either a fee or compensating balance basis dependent upon the interest rate environment². Regardless of the method of compensation used, the total cost of the contract is based on the individual service costs (fees) in each bank. Both fees and compensating balances are based on these fees and the volumes of those services used. The individual fees were multiplied against historical service volumes from the City. Based on straight fees the banks estimated costs per month are:

BBVA Compass	\$ 1,565
Security State	\$ 863
Wells Fargo	\$ 1,267

But the banks were also asked if they were offering the City any transition or retention incentive.

- BBVA Compass has offered to waive the first two months of account analysis charges (this was costed as 75% of the full monthly charge because not all services would be operational in that period. They additionally offered an ECR floor of their published rate plus 30 basis points.
- Security State Bank has offered two scanners and free deposit slips and endorsement stamps during the entire contract period. These costs were estimated at \$300 per year.
- Wells Fargo has offered a floor ECR rate of 0.75%, two free scanner and free checking for all employees. In addition, Wells Fargo in its proposal states that if the \$2 million historical balance at the bank is not sufficient to cover bank fees then the bank is offering two months each year as waived fees.

Incorporating the incentives into the costs, over the period of five years the monthly average fees would be:

		Adjusted
BBVA Compass	\$ 1,565	\$ 1,516
Security State	\$ 863	\$ 839
Wells Fargo	\$ 1,267	\$ 1,089

² In very low interest rate environments the ECR may exceed the interest paid in accounts or money funds. Rates rise however the ECR usually earns half of Fed Funds (i.e. overnight rates).

The rates set by the banks for the ECR along with the fees charged combines to set the balance required to be maintained by the City. Therefore, the higher the ECR rate the less balance need be kept along with the fact that the City is receiving more interest from the target balance. The floor of rate for Wells Fargo has been set at 0.75%. The floor at BBVA is the published rate plus 30 bps. Adjusting for the fees proposed and the ECR the balances required at the separate banks are:

	ECR Rate	Balance Required
BBVA	0.95%	\$ 1,908,831
Security	0.25%	\$ 4,026,640
Wells Fargo	0.75%	\$ 1,741,781

Therefore on the compensating balance basis the best alternative is Wells Fargo. On a fee basis the lower fees at Wells Fargo benefit the City the most.

Therefore, based on services provided, the costs avoided by not having to transition and the ultimate earnings in the bank, we would recommend that the City award the contract to Wells Fargo.

Patterson & Associates
Austin, TX

Agenda Item:

(Staff)

- 3E. Authorize execution of a lease agreement with the Friends of the Library for use of the basement in the Butt-Holdsworth Memorial Library.

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

SUBJECT: Request approval of lease agreement between City of Kerrville and the Friends of the Library for use of the basement in the Butt-Holdsworth Memorial Library.

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: May 23, 2011

SUBMITTED BY: Kimberly Meisner *KME*
Director of General Operations

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Lease Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *TP*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

As part of the renovation to the Butt-Holdsworth Memorial Library, the Friends of the Library Board of Directors had previously approved to set aside \$200,000 to construct a separate building for their use. When the City decided to fast-track the renovation with available funds in late 2010, it was determined that the basement of the Library (currently occupied by the Friends of the Library) was not going to be part of the renovation.

At their May 2011 Board of Director's meeting, the Friends opted to donate the \$200,000 to the City of Kerrville to be designated for new furniture for the renovated Library if they were allowed to continue use of the basement for their activities.

RECOMMENDED ACTION

Staff recommends approval of the ten (10) year lease agreement between the City of Kerrville and the Friends of the Library for use of the basement in the Butt-Holdsworth Memorial Library for Friends activities including book sales, storage of books, etc. with the option for multi-year renewals as designated in the agreement.

**OFFICE LEASE
(505 Water St. (Basement))**

Date: June 14, 2011

Landlord: City of Kerrville, Texas

Landlord's Address: 800 Junction Highway
Kerrville, Texas 78028

Tenant: Friends of the Butt Holdsworth Memorial Library, a Texas nonprofit corporation

Tenant's Address: 505 Water St.
Kerrville, Texas 78028

Approximate square feet: 2,000

Term: The initial term of this Lease shall commence on June 14, 2011, and on June 14, 2021, subject to the terms, covenants and conditions herein set forth, unless earlier terminated or extended as set forth herein. After the initial term of this Lease expires, the Leasee shall have an option to renew for additional terms of one year, and shall give notice of the intent to exercise such option in writing no less than thirty (60) days prior to the termination of this Lease and subsequent renewals.

Base Rent (yearly): \$1.00

Security Deposit: None

Permitted Use: Office, meeting facility along with book sales

Tenant's Insurance: As required by Insurance Addendum

Landlord's Insurance: As required by Insurance Addendum

Tenant's Rebuilding Obligations: None, unless Tenant is responsible for damage by fire.

Definitions

"Building Operating Hours" means the regularly scheduled operating hours for the Butt Holswroth Memorial Library

"Common Areas" means all facilities and areas of the Building and Parking Facilities and the related land that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all tenants of the Building. Landlord has the exclusive control over and right to manage the Common Areas.

“Essential Services” means the following services: (a) air-conditioning and heating to the Premises reasonable for the Permitted Use (exclusive of air-conditioning or heating for electronic data-processing or other specialized equipment) during Building Operating Hours and at such other times at such additional cost as Landlord and Tenant may agree on; (b) hot and cold water for lavatory and drinking purposes; (c) electric current for normal office machines and the Building’s standard lighting reasonable for the Permitted Use; and (d) lighting in Common Areas and fluorescent lights in the Building’s standard light fixtures on the Premises.

“Injury” means (a) harm to or impairment or loss of property or its use, (b) harm to or death of a person, or (c) “personal and advertising injury” as defined in the form of liability insurance Tenant is required to maintain.

“Landlord” means Landlord and its agents, employees, invitees, licensees, or visitors.

“Operating Expenses” means all expenses that Landlord must reasonably pay in connection with the ownership, operation, and maintenance of the building, except principal and interest on any debt, expenditures classified as capital expenditures for federal income tax purposes, and expenses for which Tenant is required to reimburse Landlord.

“Parking Facility” means the parking area located immediately adjacent to the Building and consisting of first-come, first-serve parking spaces, except for handicapped parking spaces.

“Rent” means Base Rent plus any other amounts of money payable by Tenant to Landlord.

“Tenant” means Tenant and its agents, contractors, employees, invitees, licensees, or visitors.

Clauses and Covenants

A. Tenant agrees to—

1. Lease the Premises on a month-to-month basis beginning on the Commencement Date and ending on the Termination Date.

2. Accept the Premises in their present condition “AS IS,” the Premises being currently suitable for the Permitted Use.

3. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Building and Common Areas adopted by Landlord.

4. Pay yearly, the Base Rent to Landlord at Landlord’s Address.

5. Obtain and pay for all utility services used by Tenant.

6. Allow Landlord to enter the Premises to perform Landlord’s obligations, inspect the

Premises, and show the Premises to prospective purchasers or tenants.

7. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, normal wear excepted.

8. Submit in writing to Landlord any request for repairs, replacement, and maintenance that are the obligations of Landlord.

9. Vacate the Premises and return all keys to the Premises on the last day of the lease or at upon the designated date following thirty (30) days prior written notice of termination from the Landlord.

10. Arrange with Landlord in advance for any heating, air-conditioning, or electrical needs in excess of the services provided by Landlord and pay for such additional services as billed by Landlord.

11. INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE LEASE, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

B. Tenant agrees not to—

1. Use the Premises for any purpose other than the Permitted Use.

2. Create a nuisance.

3. Interfere with any other tenant's normal business operations or Landlord's management of the Building.

4. Permit any waste.

5. Use the Premises in any way that would increase insurance premiums or void insurance on the Building.

6. Change Landlord's lock system.

7. Alter the Premises.
8. Allow a lien to be placed on the Premises.
9. Assign this lease or sublease any portion of the Premises without Landlord's prior written consent.

C. Landlord agrees to—

1. Lease to Tenant the Premises beginning on the Commencement Date and ending on the Termination Date.
2. Obey all applicable laws with respect to Landlord's operation of the Building and Common Areas.
3. Provide the Essential Services.
4. Repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, corridors, and windows, and (e) other structures or equipment serving the Premises.

D. Landlord agrees not to—

1. Interfere with Tenant's possession of the Premises as long as Tenant is not in default.
2. Unreasonably withhold consent to a proposed assignment or sublease.

E. Landlord and Tenant agree to the following:

1. *Alterations.* Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the lease and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.
2. *Abatement.* Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant will not be entitled to abate Rent for any reason.
3. *Insurance.* Tenant and Landlord will maintain the respective insurance coverages described in the attached Insurance Addendum.
4. *Casualty/Total or Partial Destruction.* If the Premises are damaged by casualty, Landlord shall have no obligation to restore the Premises or to find Tenant an alternative space to lease. In addition, this Lease shall immediately terminate.
5. *Landlord's Decision to Close Premises, Tear Down Premises, and/or Find Alternative Use.* Tenant hereby acknowledges and affirms that this Lease is on a month-to-month

basis and Landlord may terminate at any time following thirty (30) days written notice of such date delivered to Tenant.

6. *Default by Landlord/Events.* Defaults by Landlord are failing to comply with any provision of this lease within thirty days after written notice and failing to provide Essential Services to Tenant within ten days after written notice.

7. *Default by Landlord/Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service within thirty (30) days after default, terminate this lease.

8. *Default by Tenant/Events.* Defaults by Tenant are (a) failing to pay timely Rent, (b) abandoning or vacating a substantial portion of the Premises, and (c) failing to comply within ten days after written notice with any provision of this lease other than the defaults set forth in (a) and (b) above.

9. *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are to (a) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting, and Tenant agrees to reimburse Landlord for any expenditures made in order to relet; (b) enter the Premises and perform Tenant's obligations; and (c) terminate this lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages.

10. *Default/Waiver/Mitigation.* It is not a waiver of default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.

11. *Alternative Dispute Resolution.* Landlord and Tenant agree to mediate in good faith before filing a suit for damages.

12. *Attorney's Fees.* If either party retains an attorney to enforce this lease, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

13. *Venue.* Exclusive venue is in Kerr County, Texas.

14. *Entire Agreement.* This lease, together with the attached exhibits and riders, is the entire agreement of the parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease or to any expressly mentioned exhibits and riders not incorporated in writing in this lease.

15. *Amendment of Lease.* This lease may be amended only by an instrument in writing signed by Landlord and Tenant.

16. *Limitation of Warranties.* THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

17. *Notices.* Any notice required or permitted under this lease must be in writing. Any notice required by this lease will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

18. *Use of Common Areas.* Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe.

19. *Abandoned Property.* Landlord may retain, destroy, or dispose of any property left on the Premises upon the termination of the lease.

CITY OF KERRVILLE

By: _____
Todd Parton, City Manager

**FRIENDS OF THE BUTT HOLDSWORTH
MEMORIAL LIBRARY, A TEXAS NONPROFIT
CORPORATION**

By: _____
Its: _____

Agenda Item:
(Staff)

- 3F. Authorize staff to seek request for qualifications for auditing services.

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

SUBJECT: Approval of Request for Qualifications (RFQ) for Auditing Services.

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 1, 2011

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Request for Qualifications

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The City had a three year contract with the auditing firm of Rutledge Crain. The three year period has ended and the City is now soliciting qualifications from other auditors.

RECOMMENDED ACTION

Staff recommends council approval of the RFQ for staff to seek bids for the City's auditing service.

CITY OF KERRVILLE, TEXAS
REQUEST FOR QUALIFICATIONS
FOR
PROFESSIONAL AUDITING SERVICES
June 15, 2011

DIRECTOR OF FINANCE OFFICE
800 Junction Hwy.
Kerrville, Texas 78028

**CITY OF KERRVILLE, TEXAS
REQUEST FOR QUALIFICATIONS**

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CITY OF KERRVILLE, TEXAS **REQUEST FOR QUALIFICATIONS**

I. INTRODUCTION

A. General Information

The CITY OF KERRVILLE, TEXAS is requesting statements of qualifications and technical proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2011 through 2013; with the option by City of Kerrville to extend contract for one or two additional fiscal years. These audits are to be performed in accordance with:

- (1) generally accepted auditing standards adopted by the American Institute of Certified Public Accountants
- (2) the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) *Government Auditing Standards (latest revision)*,
- (3) the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations and any other applicable federal management circulars*,
- (4) State of Texas Single Audit Circular,
- (5) Government Accounting Standards Board Statements and applicable Implementation Guides, as well as the requirements of
- (6) *Texas Government Code, Title 10, § 2256.023 (d)*.

There is no expressed or implied obligation for the City of Kerrville to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, one (1) original and five (5) copies of a proposal must be received by the City of Kerrville, City Secretary, 800 Junction Hwy. Kerrville, Texas 78028 by 3:00 PM on July 15, 2011. The City of Kerrville reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the City of Kerrville, Director of Finance.

During the evaluation process, the City of Kerrville reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed by August 9, 2011. Following the notification of the selected firm, it is expected a contract will be executed between both parties by August 23, 2011.

B. Term of Engagement

A three year contract with two additional one year options is contemplated, subject to the review and recommendation of the City of Kerrville, City Council, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm) and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Kerrville is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2011 through September 30, 2013, with the City's option to extend the audit the City's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for qualifications.

B. Scope of Work to be Performed

The City desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles and any additional changes as promulgated by the Government Accounting Standards Board (GASB).

The City also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation to" report on that schedule based on the auditing procedures applied during the audit of the financial statements. The auditor will provide a Single Audit when required.

From time to time, the City may request the auditor to perform other audits and reviews not specifically provided for under this section. If such a request is made, the auditor shall submit, at the City's request, a separate proposal for completing the engagement, along with a proposed fee schedule. The City reserves the right to contract any additional audits or reviews with whomever they choose.

C. Auditing Standards to be followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards (1994)*, the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, State of Texas Single Audit Circular, as well as *Government Code, Title 10, §2256.023 (d)*, compliance with Government Accounting Standards Board (GASB).

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A Single Audit when required.
6. A report on the internal control structure used in administering federal financial assistance programs.
7. A report on compliance with laws and regulations related to major and nonmajor federal financial assistance programs.
8. A separate statement of financial assurance related to closure and post-closure costs of the City's landfill.

This report should include an opinion on compliance with specific requirements applicable to major federal financial assistance programs, a report on compliance with general requirements applicable to major federal financial assistance programs, and a report on compliance with laws and regulations applicable to non-major federal financial assistance program transactions tested.

In the required report on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

The report on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City of Kerrville City Council and the Director of Finance.

Auditors shall assure themselves that the City is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Special Considerations

1. The City may send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City to meet the requirements of that program.
2. The City has determined that the U.S. Department of Justice will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*
3. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal control structure and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.
4. The City may require the auditor's assistance to comply with new reporting requirements as mandated by GASB.
5. The City plans to move from auditor prepared basic financial statements to staff prepared basic financial statements over the course of the contract. Varying degree of assistance in completion of the basic financial statements will be required.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

City of Kerrville

U.S. Department of Justice

U.S. General Accounting Office (GAO)

Parties designated by the federal or state governments or by the City as part of an audit quality review process

Auditors of entities of which the City is a subrecipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons/Location of Offices

The auditor's principal contact with the City will be Mike Erwin, Director of Finance, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor. Offices are located at 800 Junction Hwy., Kerrville, Texas. A list of elected officials and key personnel (**Appendix A**) is attached.

B. Background Information

The City serves an area of 20 square miles with a population of 22,828 as of September 2010. The City's fiscal year begins on October 1, and ends on September 30.

The City provides the following services to its citizens:

General Government

Public Safety (police, fire, EMS)

Planning and Zoning

Code Enforcement

Public Library

Community Development

Parks and Recreation

Public Works (streets, water, sewer, solid waste)

The City has an annual payroll of about \$13 million covering approximately 311 employees.

The City is organized into 21 funds, two component units and a joint venture. The accounting and financial reporting functions of the City are centralized.

The City has two component units, Kerrville Economic Improvement Corporation, although it is legally separate from the City, it is reported as if it was part of the City and Kerrville Public Utility Board, an electric utility and an entity legally separate from the City.

More detailed information on the government and its finances can be found in the City's Comprehensive Annual Financial Report and Annual Operating Budget and can be obtained by contacting the Director of Finance Office, 800 Junction Hwy., Kerrville, Texas 78028.

C. Fund Structure

The City uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>
General fund	8
Special revenue funds	4
Debt service funds	1
Capital projects funds	3
Enterprise funds	2
Internal service fund	2
General fixed assets account group	1

D. Budgetary Basis of Accounting

The City prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance.

During the fiscal year(s) to be audited, the City received financial assistance from federal and state agencies.

F. Pension Plans

City of Kerrville participates in the Texas Municipal Retirement System (TMRS).

G. Joint Ventures

The City currently participates in a joint venture of the municipal airport with Kerr County. The management contract provides for the completion of the airport's audit.

H. Magnitude of Finance Operations

The finance department is headed by Mike Erwin, Director of Finance and consists of 5.5 full time employees. The principal functions performed and the number of employees assigned to each is as follows:

I.	<u>Function</u>	<u>Number of Employees</u>
a.	Accounts Payable	1
b.	Budget/Purchasing Manager	1
c.	Accounts Receivable	1
d.	Financial Analyst	1
e.	Assistant Director	.5
f.	Director of Finance	1

J. Computer Systems

The computer systems are centralized and are PC based. The City currently uses Incode for the financial system.

K. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Mike Erwin, Director of Finance, 800 Junction Hwy., Kerrville, Texas 78028. The CAFR documents are available online at the City's website www.kerrvilletx.gov in the document section under Finance. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposals issued	June 15, 2011
Due date for proposals	July 15, 2011, 3 p.m.

B. Notification and Contract Dates

Selected firm notified	August 9, 2011
Contract date	August 23, 2011

C. Date Audit May Commence

October 30, 2011

The City will have all records ready for audit and all management personnel available to meet with the firm's personnel as of November 21, 2011.

- D. Schedule for the 2011 Fiscal Year Audit (A similar schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.) The time frame set out in this document may be adjusted as agreed upon by both parties to meet a completion date of no later than March 15, 2012.

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Interim Work
The auditor will have no interim work for 2010
 2. Detailed Audit Plan
The auditor shall provide the City by October 1, 2011 both a detailed audit plan and a list of all schedules to be prepared by the City.
 3. Fieldwork
The auditor shall complete all fieldwork by December 23, 2011.
 4. Draft Reports
The auditor shall have drafts of the audit report and recommendations to management available for review by the Director of Finance by February 1, 2012.
- E. Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.)

At a minimum, the following conferences should be held:

Entrance conference with Director of Finance and/or key finance department personnel.

The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish an overall liaison for the audit and to make arrangements for work space and other needs of the auditor

Progress conference with Director of Finance or designee.

- The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested

Progress conference with Director of Finance and key finance department personnel.

- The purpose of this meeting will be to discuss the year-end work to be performed

Presentation of audit to the City's Audit Committee

- The City's Audit Committee is comprised of two City Council members, the City Manager, and the Director of Finance. The purpose of this committee is to review the final audit document as well as any significant issues that may be identified within.

Exit conference with Director of Finance and key finance department personnel.

- The purpose of this meeting will be to summarize the results of the field work and to review significant findings

F. Date Final Report is Due

The audit firm shall prepare draft financial statements, notes, all required supplementary schedules and statistical data by February 1, 2012.

The Director of Finance will complete the review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the Director of Finance should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Director of Finance within five (5) working days. It is anticipated that this process will be completed and the final report delivered by February 15, 2012.

The final report and ten (10) signed and bound copies as well as one electronic copy should be delivered to the City of Kerrville.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. FINANCE DEPARTMENT ASSISTANCE

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City.

B. ELECTRONIC DATA PROCESSING (EDP) ASSISTANCE

Basic data processing support and staff assistance will be available to the auditor.

C. STATEMENTS AND SCHEDULES TO BE PREPARED BY CITY STAFF

The accounting staff will prepare necessary prepared-by-client (PBC's) working papers normally required for the annual audit. All working papers to be prepared by the City must be submitted, by written list, to the City on or before October 1, of each year together with adequate explanatory detail as to the purpose of the working papers as

well as method of preparing the working papers. Sufficiency and adequacy of detail will be determined by the City.

Most working papers and all lead schedules are prepared on EXCEL FOR WINDOWS.

D. WORK AREA, TELEPHONES, PHOTOCOPYING, AND FAX MACHINES

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone line, photocopying facilities and FAX machine.

E. REPORT PREPARATION Audit reports are to be addressed to the Honorable Mayor, City Council and City Manager, City of Kerrville, Texas.

The proposal should include the typing of the camera-ready master copy of the entire CAFR as a separately bid item, to be elected at the City's option.

The proposal should include the entire CAFR in a word searchable PDF format as a separately bid item, to be elected at the City's option.

The proposal should include the preparation of the financial statements, notes and all required supplementary schedules of the CAFR as a separately bid item, to be elected at the City's option. The City's expectation is to move to preparation of the financial statements from the auditor to staff over the course of the contract.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by July 15, 2011 their Proposal in the format attached to the letter transmitting this Request for Proposals. Failure to do so will disqualify firms from submitting a proposal.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made in writing to:

Mike Erwin, Director of Finance
City of Kerrville
800 Junction Hwy.
Kerrville, Texas 78028
Phone: (830) 258-1120
Email: mike.erwin@kerrvilletx.gov

3. Submission of Proposals

The following material is required to be received by July 15, 2011 for a proposing firm to be considered:

- a. An original copy (so marked) of a Technical Proposal and five (5) copies to include the following:
 - i. Title Page
Title page showing the request for proposals' subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.
 - ii. Table of Contents
 - iii. Transmittal Letter
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for forty-five (45) days.
 - iv. Detailed Proposal
The detailed proposal should follow the order set forth in Section VI B of this request for proposals.
 - v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposals (**Appendix B and Appendix C**)
- b. The proposer shall submit an original and five (5) copies of a dollar cost bid in a separate sealed envelope marked

**SEALED DOLLAR COST BID
PROPOSAL
FOR
CITY OF KERRVILLE
FOR
PROFESSIONAL AUDITING SERVICES
July 15, 2011**

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

**CITY OF KERRVILLE
CITY SECRETARY
800 JUNCTION HWY
KERRVILLE, TEXAS 78028**

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be

assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of the component unit of the City as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City or any of its agencies or component unit for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Texas

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Texas.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable. The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In

addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is registered/licensed to practice as a certified public accountant in Texas. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the City

The firm should list separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e., audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the City's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

10. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Bid

1. Total All-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City.

c. A total All-inclusive Maximum Price for the fiscal year 2011 engagement.

2. Rates by Partner, Specialist, Supervisory and Staff Level Time Hours Anticipated for Each

The second page of the sealed dollar cost bid should include schedule of professional fees and expenses, presented in the format provided in the attachment (**Appendix D, part 1**), that supports the total all-inclusive maximum price. The cost of special services described in Section II E of this request for proposals should be disclosed as separate components of the total all-inclusive maximum price using the format provided Appendix D parts 2 and

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented in the sealed dollar cost bid in the format provided in the attachment (**Appendix D**). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

4. Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals submitted will be evaluated by the Evaluation and Selection Committee.

B. Review of Proposals

The Evaluation and Selection Committee will use a point formula during the review process to score proposals. Each member of the Evaluation Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Texas
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal

2. Technical Qualifications: (Maximum Points – 50)

- a. Expertise and Experience (Maximum Points – 35)
 - (1) The firm's past experience and performance on comparable government engagements
 - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- b. Audit Approach (Maximum Points - 15)
 - (1) Adequacy of proposed staffing plan for various segments of the engagement
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures

3. Price: (Maximum Points - 50)

**COST WILL NOT BE THE PRIMARY FACTOR IN THE
SELECTION OF AN AUDIT FIRM.**

D. Oral Presentations

During the evaluation process, the Evaluation Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The City will select a firm based upon the recommendation of the Evaluation Committee. It is anticipated that a firm will be selected by August 9, 2011. Following notification of the firm selected, it is expected a contract will be executed between both parties by August 23, 2011.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

APPENDIX A

**LIST OF PRINCIPAL OFFICIALS
As of September 30, 2010**

City Council (The Governing Body)

David Wampler, Mayor
Carson Conklin, Place 1
Stacy Keeble, Place 2
T. Scott Gross, Place 3
Gene Allen, Place 4, Mayor Pro-Tem

Other Principal Officials

Todd Parton, City Manager
Mike Erwin, Director of Finance
Sandra G. Yarbrough, Assistant Director of Finance
Michael C. Hayes, City Attorney

APPENDIX B

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

PROPOSER WARRANTIES

Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.

Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City. Proposer warrants that it is willing and able to meet required dates and report deadlines.

E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

Part 1

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE FISCAL YEAR 2011 FINANCIAL STATEMENT'S**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				\$ _____
Total for services described in Section II E of the request for proposals (Detail on subsequent schedules)				\$ _____
Out-of-pocket expenses:				
Meals and lodging				_____
Transportation				_____
Other (specify):				_____
Total all-inclusive maximum price for Fiscal Year 2011 audit				\$ _____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

Part 2

Nature of Service to be Provided	Schedule	Total Price
		\$ _____
Total		\$ _____

EACH SERVICE DESCRIBED IN SECTION II E SHOULD BE SUPPORTED BY AN INDIVIDUAL SCHEDULE IN THE FORMAT PROVIDED IN PART 3 OF THIS APPENDIX.

APPENDIX D

Part 3

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE FISCAL YEAR 2011 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR [NAME OF SERVICE]**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				\$ _____
Out-of-pocket expenses:				
Meals and lodging				_____
Transportation				_____
Other (specify):				_____
Total price for [NAME of SERVICE]				\$ _____

Note: The rate quoted should *not* be presented as a general percentage of the standard hourly rate or as a gross deduction from the total price.

Agenda Item:
(Staff)

- 3G. Authorize execution of a junkyard license application at 504/506 Peterson.

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

SUBJECT: Approval of Junkyard License Application at 504/506 Peterson

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 2, 2011

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Kristine Ondrias 
Heather Stebbins

EXHIBITS: Application to City Council – Junkyard License for 504/506 Peterson
Section 58-141 through Section 58-162 of the City Code of Ordinances
Letter to Doug Grona from Assistant City Attorney – May 13, 2010
Memo from Amy Ives, Jeff Finley and Pat Dunlap – May 20, 2011

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY DIRECTOR OF FINANCE:

BACKGROUND

Sections 58-141 through 58-161 of the City Code allow for the regulation of junkyards through city licensing with those licenses being approved by the City Council.

Nelson Douglas Grona, the owner/operator of an existing junkyard at 504-506 Peterson, has made application to the City Council for this required junkyard permit.

The junkyard was in existence when the area was annexed into the city, and therefore, has been allowed to continue its use as a nonconforming pre-existing use under the zoning ordinance.

Exemption from regulation under the zoning code does not exempt Mr. Grona from regulation and licensing requirements under Section 58.

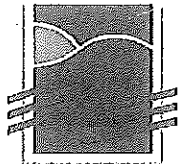
Since April, 2009, Development Services staff in partnership with the Fire Marshal's Office and the Assistant City Attorney has been working with Mr. Grona to properly and safely screen, separate and store his inventory. Currently, the junkyard operation at 504-506 Peterson substantially compiles with the requirements outline in Section 58.

Council action on this application will be used to establish an annual renewal date. Prior to annual renewal appropriate City staff will inspect the facility, notify the owner of any violations of adopted nuisance, building and/or fire codes and require correction of those violations. In addition, staff will retain its right to inspect the premise on an as needed basis to insure continued compliance.

RECOMMENDED ACTION

Direct the City Secretary to issue a license to operate a junkyard to Mr. Nelson Douglas Grona for 504/506 Peterson, subject to his continued compliance with the following:

- The operation cannot expand beyond its current area,
- The operation shall remain in compliance with sections 58-141 through 58-162 of the municipal code, and
- The operation shall remain in compliance with all local, state and federal regulations applicable to his operation.



CITY OF KERRVILLE

Junkyard License-Application to City Council

NAME OF ESTABLISHMENT: Doug Grona Recycling

☒ Individual ☐ Partnership ☐ Corporation

Owner's Name: Doug Grona Drivers License #: 05590512 TX

Type of Business: Junkyard and Scrape Metal Recycling

Phone 830/329-6999 Fax#: NA

Address of Establishment: 506 Peterson Dr

Legal Description of Property _____

City, State, Zip Kerrville, TX 78028

OPERATOR INFORMATION

Name: Doug Grona Drivers License #: 05590512 TX

Phone # 830/329-6999 Fax # NA

Address: 506 Peterson Dr.

City, State, Zip Kerrville, TX 78028

Fee: \$5.00 per year

APPROVAL:

Date

City Clerk
City of Kerrville Texas
800 Junction Hwy.
Kerrville TX, 78028
(830)257-8000

Sec. 58-162. of the City of Kerrville Code of Regulations:

Revocation.

The city council of the city shall have the power to revoke the license provided for in this article at any time for good cause, but only after notice has been given to the owner of the business of a hearing to be held not less than ten days after the service of such notice.

(Bk. 11, pg. 38, § 6, 9-1-1936; Code 1968, art. 9-V-6)

Kerrville, Texas, Code of Ordinances >> PART II - CODE OF ORDINANCES >> Chapter 58 -
HEALTH AND SANITATION >> ARTICLE VI. - JUNKYARDS >> DIVISION 1. - GENERALLY >>

DIVISION 1. - GENERALLY

Sec. 58-141. - Application of article.

Sec. 58-142. - Fence required; maintenance.

Sec. 58-143. - Location.

Sec. 58-144. - Access and inspection by fire marshal; correction of fire hazards.

Sec. 58-145. - Penalty for violation.

Secs. 58-146—58-160. - Reserved.

Sec. 58-141. - Application of article.

Any place used or maintained by any person as a junkyard or dumping ground, or for the wrecking or dissembling of automobiles, trucks, tractors, or machinery of any kind, or for the storing or leaving of worn out, wrecked, or abandoned automobiles, trucks, tractors, or machinery of any kind, or of any of the parts thereof, or for the maintenance or operation of such places for the accumulation of rubbish of any description, is declared to be a public and common nuisance, being obnoxious and offensive to the inhabitants of the city because of its interference with the comfortable enjoyment of life and property by the inhabitants of the city, and is prohibited within the city limits of the city, unless such activity is conducted in the manner prescribed in this article.

(Bk. 11, pg. 37, § 1, 9-1-1936; Code 1968, art. 9-V-1)

Sec. 58-142. - Fence required; maintenance.

Any person granted a license as provided for in section 58-161 shall keep the premises used in the operation and maintenance of such business in a neat and orderly condition. The property and premises on which such business is conducted shall be enclosed by a tight board fence at least ten feet high, and such fence shall be kept in a neat condition, and no junk of any character of parts, or machinery of any kind shall be allowed to remain outside such fences.

(Bk. 11, pg. 37, § 3, 9-1-1936; Code 1968, art. 9-V-3)

Sec. 58-143. - Location.

No person shall be granted a license as provided for in section 58-161 to maintain or operate such business within the fire limits of the city, as now established, or as may be later established by ordinance, or within 600 feet of any church, school building, or other public building, or facing or abutting upon any state or federal highway as now located or as may later be located.

(Bk. 11, pg. 38, § 4, 9-1-1936; Code 1968, art. 9-V-4)

Sec. 58-144. - Access and inspection by fire marshal; correction of fire hazards.

The premises of every business licensed pursuant to section 58-161 shall be kept in a neat and orderly manner so as to reduce fire hazards to a minimum. The fire marshal shall have access to the premises at all times for inspection. The owner shall correct all fire hazards as directed by the fire marshal within 24 hours after receipt of written notice. Failure to correct fire hazards shall be deemed as sufficient grounds for the city council to cancel the license of such business.

(Bk. 11, pg. 38, § 5, 9-1-1936; Code 1968, art. 9-V-5)

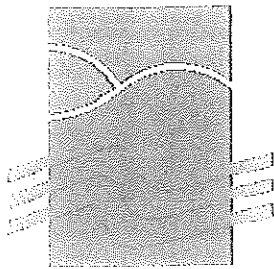
Cross reference— Fire prevention and protection, ch. 50

Sec. 58-145. - Penalty for violation.

Any person violating any of the terms and conditions of this article shall be guilty of a misdemeanor and, upon conviction thereof, shall be subject to the penalty provided in section 1-7.

(Bk. 11, pg. 38, § 7, 9-1-1936; Code 1968, art. 9-V-7)

Secs. 58-146—58-160. - Reserved.



City of Kerrville
Assistant City Attorney
800 Junction Highway
Kerrville, Texas 78028-2215
830.792.8382 (O)
830.792.3850 (F)
heather.stebbins@kerrvilletx.gov

May 13, 2010

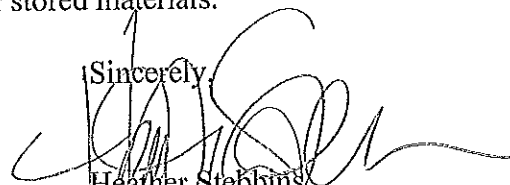
Mr. Doug Grona
506 Peterson Drive
Kerrville, Texas 78028

Dear Mr. Grona,

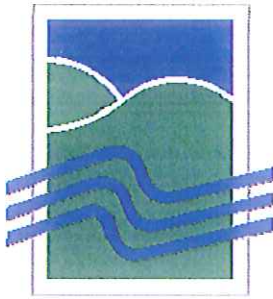
Please be advised that if you complete the following list of property maintenance, City of Kerrville staff will be satisfied to recommend, if brought before City Council, that you have complied with City requests, in order to obtain a license to operate a junkyard within the City limits:

1. Build a 10-foot fence on any part of the storage yard in front of your residence, and repair the rest of the existing fence;
2. Designate one part of the storage yard for containers, cylinders, and tanks, and make it accessible to the Fire Marshal;
3. Properly store and catalog containers, cylinders, and tanks;
4. Maintain ten feet between the residence and any containers, cylinders and tanks and any other stored materials.

Sincerely,


Heather Stebbins
Assistant City Attorney

I, Doug Grona agree to complete the aforementioned list by July 13
2010; and to complete #1 by September 13, 2010.
5/13/10
Date DOUG GRONA



City of Kerrville
Environmental Health
800 Junction Highway
Kerrville, Texas 78028-5069
830.258.1171 (O)
830.896.0517 (F)
amy.ives@kerrvilletx.gov

MEMORANDUM

TO: Kevin Coleman, Director of Development Services

FROM: Amy Farris Ives, Environmental Health Manager
Jeff Finley, Building Official
Pat Dunlap, Fire Marshal

DATE: May 20, 2011

SUBJECT: Junkyard License Application – 506 Peterson Drive

Sections 58-141 through 58-161 of the City Code allow for the regulation of junkyards through City licensing with those license being approved by the City Council. Nelson Douglas Grona, the owner/operator of an existing junkyard located at 504-506 Peterson, has made application to the City Council for this required Junkyard Permit.

The junkyard operation located at 504-506 Peterson was inspected by Pat Dunlap, Fire Marshal, Jeff Finley, Chief Building Official and Amy Ives, Environmental Health Manager on April 15, 2011. Mr. Grona has substantially complied with the requirements outlined in Section 58-142 and 58-144. It is the recommendation of the above mentioned City staff to issue Mr. Nelson Douglas Grona a license to operate a junkyard at 504-506 Peterson Drive, Kerrville, Texas.

Upon approval this facility will be subject to yearly inspections 30 days prior to the yearly renewal date on the application in addition to unannounced complaint based inspections.

Agenda Item:

(Staff)

- 3H. Resolution approving and authorizing execution of an interlocal agreement for participation in a public funds investment cooperative; designating the board of directors of the cooperative as an agency and instrumentality to supervise the cooperative; approving investment policies of the cooperation; appointing authorized representatives; and designating investment officers.

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

SUBJECT: Resolution authorizing the participation in Local Government Investment Cooperative (LOGIC) and designating authorized representatives

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 1, 2011

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution, Participation Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The City of Kerrville maintains investment funds in TexStar's pooled cash account. TexStar provides an additional pooled cash account that pays a higher rate, LOGIC. Currently Todd Parton, Mike Erwin, Kathy Schneider and Sandra Yarbrough are authorized to conduct transactions in TexStar. The attached resolution authorizes the same employees to also participate in LOGIC, which typically pays a higher rate of return. (Example, May 31st: TexStar – 0.1018% to LOGIC – 0.1958%) Specifically, this will allow these individuals to move cash between the TexStar, LOGIC investment accounts and the City's consolidated cash account. For internal control purposes, all transactions must be handled by three to four different employees. Authorizing account access for these individuals provides a fail-safe in the case that the Director of Finance is unavailable, and ensures that the City always has access to its liquid reserves in TexStar/LOGIC.

RECOMMENDED ACTION

The Director of Finance recommends approval of the attached resolution authorizing the participation in LOGIC.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. _____-2011

**A RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF
AN INTERLOCAL AGREEMENT FOR PARTICIPATION IN A PUBLIC
FUNDS INVESTMENT COOPERATIVE; DESIGNATING THE BOARD
OF DIRECTORS OF THE COOPERATIVE AS AN AGENCY AND
INSTRUMENTALITY TO SUPERVISE THE COOPERATIVE;
APPROVING INVESTMENT POLICIES OF THE COOPERATIVE;
APPOINTING AUTHORIZED REPRESENTATIVES; AND
DESIGNATING INVESTMENT OFFICERS**

WHEREAS, the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as amended (the "Interlocal Act"), permits any "local government" to contract with one or more other "local governments" to perform "governmental functions and services," including investment of public funds (as such phrases are defined in the Interlocal Act); and

WHEREAS, the Interlocal Act authorizes the contracting parties to any Interlocal agreement to contract with agencies of the State of Texas, within the meaning of Chapter 771 of the Texas Government Code; and

WHEREAS, the Interlocal Act permits the contracting parties to any interlocal agreement to create an administrative agency to supervise the performance of such interlocal agreement and to employ personnel and engage in other administrative activities and provide other administrative services necessary to execute the terms of such interlocal agreement; and

WHEREAS, the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended (the "PFIA"), authorizes the entities described in Subsection (a) of the PFIA to invest their funds in an eligible public funds investment pool, and the Local Government Investment Cooperative, as created and authorized by this Resolution; intends to become and remain an eligible public funds investment pool under the terms and conditions set forth in PFIA; and

WHEREAS, the City of Kerrville (the "Government Entity") desires to enter into that certain Interlocal Agreement (the "Agreement"), a copy of which is presented with this Resolution and is incorporated herein by reference, and to become a participant in a public funds investment pool created thereunder and under PFIA, to be known as Local Government Investment Cooperative (the "Cooperative"); and

WHEREAS, the Government Entity is a Government Entity as defined in the Agreement; and

WHEREAS, the Government Entity desires to cause administration of the Cooperative to be performed by a board of directors (the "Board"), which shall be an administrative agency created under the Interlocal Act; and

WHEREAS, the Government Entity desires to designate the Board as its agency and instrumentality with authority to supervise performance of the agreement, employ personnel, and engage in other administrative activities and provide other administrative services necessary to execute the terms of the Agreement;

WHEREAS, each capitalized term used in this Resolution and not otherwise defined has the same meaning assigned to it in the Agreement;

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

SECTION ONE. The Agreement is hereby approved and adopted and, upon execution thereof by an Authorized Representative, as defined below and receipt of the Government Entity's application to join the Cooperative by the Administrator, the Government Entity shall become a Participant in the Cooperative for the purpose of investing its available funds therein from time to time in accordance with its terms.

SECTION TWO. The Board is hereby designated as an agency and instrumentality of the Government Entity, and the Board shall have the authority to supervise performance of the Agreement and the Cooperative employ personnel and engage in other administrative activities and provide other administrative services necessary to execute the terms of the Agreement.

SECTION THREE. The investment policies of the Cooperative, as set forth in the document entitled Investment Policies, as summarized in the Information Statement, and as may be amended from time to time by the Board, are hereby adopted as investment policies of the Government Entity with respect to money invested in the Cooperative, and any existing investment policies of the Government Entity in conflict therewith shall not apply to investments in the Cooperative.

SECTION FOUR. The following officers, officials, or employees of the Government Entity are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to execute the Agreement, an application to join the Cooperative, and any other documents required to become a Participant; deposit money to and withdraw money from the Government Entity's Cooperative account from time to time in accordance with the Agreement and the Information Statement; and take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity:

Name: Mike Erwin

Signature: _____

Title: Director of Finance

Phone: 830-258-1503

Email: mike.erwin@kerrvilletx.gov

Name: Sandra Yarbrough

Signature: _____

Title: Assistant Director of Finance

Phone: 830-258-1503

Email: sandra.yarbrough@kerrvilletc.gov

Name: Katherine Schneider

Signature: _____

Title: Accounts Payable Clerk

Phone: 830-258-1503

Katherine.schnieder@kerrvilletx.gov

Name: Jeffrey Todd Parton

Signature: _____

Title: City Manager

Phone: 830-258-1501

Email: todd.parton@kerrvilletx.gov

In accordance with Cooperative procedures, an Authorized Representative shall promptly notify the Cooperative in writing of any changes in who is serving as Authorized Representatives.

SECTION FIVE. The following officer, official, or employee of the Authorized Representative listed above that will be designated as the Primary Contact and will receive all LOGIC correspondence including transaction confirmations and monthly statements:

Name: Mike Erwin, Director of Finance

SECTION SIX. In addition, the following additional Participant representative not listed above is designated as an Inquiry Only Representative authorized to obtain account information:

Name: Viengsai Vongchampa

Title: Budget Analyst

Signature: _____

Phone: 830-258-1503

Email: viengsai.vongchampa@kerrvilletx.gov

Applicant may designate other authorized representatives by written instrument signed by an existing Applicant Authorized Representative or Applicant's chief executive officer.

SECTION SEVEN. Applicant's taxpayer identification number is 74-6001490

SECTION EIGHT. Contact Information.

Primary mailing address:

800 Junction Hwy Kerrville, TX 78028

830-258-1503

Applicants main fax number: 830-732-8309

SECTION NINE. In addition to the foregoing Authorized Representatives, each Investment Officer of the Cooperative appointed by the Board from time to time is hereby designated as an investment officer of the Government Entity and, as such, shall have responsibility for investing the share of Cooperative assets representing funds of the Government Entity. Each depository and custodian appointed by the Board from time to time are hereby

designated as a depository and custodian of the Government Entity for purposes of holding the share of Cooperative assets representing funds of the Government Entity.

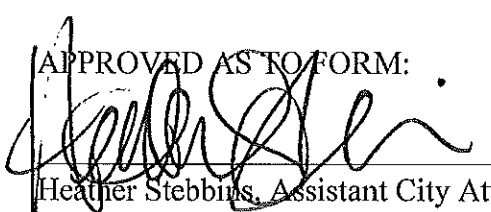
PASSED AND APPROVED ON this the _____ day of _____, A.D., 2011.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Heather Stebbins, Assistant City Attorney



Local Government Investment Cooperative (LOGIC) Participation Agreement

THIS PARTICIPATION AGREEMENT (together with any amendments and supplements, referred to as this "Agreement") dated as of March 1, 1999 is made and entered into by and among each of those government entities initially executing this Agreement and any other government entity that is eligible and becomes a party hereto (collectively, the "Participants").

WHEREAS, the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended (the "PFIA") authorizes the entities described in the PFIA to invest their funds in an eligible public funds investment pool;

WHEREAS, each of the Participants qualifies as an entity described in the PFIA;

WHEREAS, the Participants desire to establish and maintain a public funds investment pool for the purpose of pooling their local funds for joint investment in accordance with the PFIA and the terms hereof and providing assistance to each other on investment alternatives and on other issues of concern to the Participants;

WHEREAS, the Participants desire that the public funds investment pool be entitled Local Government Investment Cooperative (the "Cooperative") and the Cooperative be managed and operated by a board of directors, which shall be an advisory board under the PFIA;

WHEREAS, each of the Participants has duly taken all official action necessary and appropriate to become a party to this Agreement, including the adoption of a rule, order, ordinance, or resolution, as appropriate;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the Participants mutually agree as follows:

ARTICLE I

Definitions and Rules of Construction

Section 1.01. Definitions. Except as otherwise provided in this Agreement, the capitalized terms used herein shall have the following meanings unless the context otherwise requires:

Account - any account established by a Participant.

Additional Party Agreement - a document substantially in the form attached hereto as an Appendix which, when attached to a copy of this Agreement and executed by an Authorized Representative of a Government Entity, constitutes a valid and binding counterpart of this Agreement and results in the Government Entity becoming a party to this Agreement.

Administrator - Any person, firm or organization approved by the Board and under contract to provide administrative assistance in connection with the management and operation of the Cooperative.

Advisor - The registered investment advisor or advisors selected by or at the direction of the Board to provide advice regarding investment of Cooperative assets pursuant to this Agreement and subject to applicable law.

Local Government Investment Cooperative (LOGIC)
Participation Agreement

Authorized Investments - those investments which are authorized from time to time to be purchased, sold and invested in under PFIA or other applicable law and further defined in the Investment Policies.

Authorized Representative - an individual authorized to execute documents and take other necessary actions, pursuant to this Agreement, on behalf of a Government Entity or other person, firm or organization, as evidenced by a duly adopted resolution or bylaw of the governing body of such Government Entity or other person, firm or organization, a certified copy of which is on file with the Administrator. In the case of a Government Entity that is a combination of political subdivisions under the Act, the Authorized Representatives of any administrative agency appointed by such combination of political subdivisions shall be deemed to be Authorized Representatives for such Government Entities.

Board - the governing body of the Cooperative, known as The Board of Directors of Local Government Investment Cooperative.

Bylaws - the bylaws adopted by the Board, as the same may be amended from time to time, subject to the requirements of this Agreement.

Cooperative - the public funds investment cooperative created pursuant to this Agreement.

Custodian - any person, firm or organization selected by or at the direction of the Board to have custody of all money, investments and other assets of the Cooperative pursuant to this Agreement and subject to applicable law.

General Manager - any person, firm or organization which has contracted with the Board to provide general management services to the Board.

Government Entity - a local government of the State of Texas, as defined in the PFIA, a state agency, as defined in the PFIA, and a nonprofit corporation acting on behalf of a local government or a state agency, including but not limited to an incorporated city or town, a county, a public school district, a district or authority created under art. III, Section 52(b)(1) or (2) of the Texas Constitution, or art. XVI, Section 59 of the Texas Constitution, an institution of higher education as defined by Section 61.003 of the Education Code, a hospital district, or a fresh water supply district.

Information Statement - the information statement or any other document distributed to Participants and potential Participants to provide them with a description of the management and operation of the Cooperative, as the same may be amended from time to time, subject to the requirements of this Agreement.

Interlocal Act - the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as the same may be amended from time to time.

Investment Officer - one or more officers or employees of the Board designated as investment officers by the Board.

Investment Policies - the written Investment Policies adopted and approved by the Board governing investment and management of Cooperative assets of different Portfolios, as the same may be amended from time to time, subject to the requirements of this Agreement.

Marketing Representative - any person, firm or organization authorized by the Board to promote the Cooperative.

Local Government Investment Cooperative (LOGIC)
Participation Agreement

Participants - the Government Entities that are the initial parties to this Agreement and the Government Entities which subsequently become parties to this Agreement.

PFIA - the Public Funds Investment Act, Chapter 2256, Texas Government Code, as the same may be amended from time to time.

Portfolio - a portfolio of assets in the Cooperative which are held separate from other assets of the Cooperative and which are invested with a defined investment objective which may be different from other Portfolios in the Cooperative, and in which a Participant may elect to invest its funds.

State - the State of Texas.

Units - equal proportionate units of undivided beneficial interest in the assets of the Cooperative or of any Portfolio of the Cooperative from time to time, including fractions of units as well as whole units.

Section 1.02. General Rules of Construction.

- (a) Whenever in this Agreement the context requires: (1) a reference to the singular number shall include the plural and vice versa; and (2) a word denoting gender shall be construed to include the masculine, feminine, and neuter.
- (b) The titles given to any article or section of this Agreement are for convenience only and are not intended to modify the article or section.

ARTICLE II

Creation of the Cooperative; Purpose and Objective

Section 2.01. Creation of the Board.

- (a) The initial Participants hereby agree to jointly invest their funds in a public funds investment pool, to be known as Local Government Investment Cooperative (the "Cooperative") and to create and establish a board of directors of the Cooperative (the "Board"), as an advisory board pursuant to the PFIA and an administrative agency pursuant to the Interlocal Act, to supervise the Cooperative.
- (b) The Participants delegate to the Cooperative through its Board, the authority to hold legal title to and manage all money, investments and other assets transferred to or acquired by the Cooperative pursuant to this Agreement.
- (c) The Board shall have the authority to employ personnel, engage in other administrative activities and provide other administrative services necessary to accomplish the purpose of this Agreement.

Section 2.02. Purpose and Objective.

- (a) The first purpose of the Cooperative is to provide Government Entities with a variety of investment vehicles to best suit their investment needs, with each Portfolio tailored to meet a specific investment need.

Local Government Investment Cooperative (LOGIC)
Participation Agreement

- (b) The second purpose of the Cooperative is to provide Government Entities with a forum for discussion of, and to provide education concerning, investments and other issues of concern in public finance. In all cases, however, the Cooperative will have the following investment objectives in order of priority: safety of principal; liquidity in accordance with the operating requirements of the Participants; and the highest rate of return.
- (c) In order to accomplish the Cooperative's objective, each Participant agrees that the money transferred to a Portfolio within the Cooperative will be commingled with other money transferred to the Portfolio by other Participants for the purpose of making Authorized Investments, subject to the terms of this Agreement, the Investment Policies and applicable law, thereby taking advantage of investment opportunities and cost benefits available to larger investors.

ARTICLE III

Cooperative Administration

Section 3.01. The Board and the Bylaws

- (a) The business and affairs of the Cooperative shall be managed by the Board as governing body of the Cooperative.
- (b) The Board is authorized to adopt Bylaws which shall set forth, among other things, the initial Board members, the procedures governing the selection of the members of the Board, the procedure for holding meetings, the election of officers, and other matters necessary or desirable for governance by the Board, and the right of the Board, the General Manager, and other consultants to be indemnified for damages arising from their actions in connection with the Cooperative. By executing this Agreement, the Participant consents to the Bylaws. By maintaining funds in the Cooperative after any amendment to the Bylaws becomes effective, the Participant consents to the Bylaws, as amended. The Board has the right to amend any term or provision of the Bylaws, provided that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, is a material change to the Bylaws.

Section 3.02. Powers and Duties of the Board.

- (a) Subject to applicable law and the terms of this Agreement, the Board shall have full and complete power to take all actions, do all things and execute all instruments as it deems necessary or desirable in order to carry out, promote or advance the investment objective, interests and purposes of the Cooperative to the same extent as if the Board was the sole and absolute owner of the Cooperative.
- (b) The Board shall adopt and maintain Investment Policies, consistent with the general objective of the Cooperative, which shall provide more detailed guidelines for investment and management of Cooperative assets. By executing this Agreement, the initial Participants consent to the proposed Investment Policies, and the subsequent Participants consent to the Investment Policies then in effect. By maintaining funds in the Cooperative after any amendment to the

Local Government Investment Cooperative (LOGIC)
Participation Agreement

Investment Policies becomes effective, the Participant has consented to the Investment Policies, as amended. The Board shall, subject to the terms of this Agreement, have the authority to amend any term or provision of the Investment Policies, provided that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, will have a material effect on such Participant's investment in the Cooperative.

- (c) The Board shall adopt and maintain Operating Procedures, which shall provide more detailed information on the procedures for depositing and withdrawing funds from the Cooperative. By executing this Agreement, the initial Participants consent to the proposed Operating Procedures, and the subsequent Participants consent to the Operating Procedures then in effect. By maintaining funds in the Cooperative after any amendment to the Operating Procedures becomes effective, the Participant has consented to the Operating Procedures, as amended. The Board shall, subject to the terms of this Agreement, have the authority to amend any term or provision of the Operating Procedures provided that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, will have a material effect on such Participant's investment in the Cooperative.
- (d) The Board shall designate one or more Investment Officers for the Cooperative who shall be responsible for the investment of Cooperative assets.
- (e) The Board shall prepare, or direct the preparation of an Information Statement that describes how the Cooperative will operate in accordance with the terms of this Agreement and the Investment Policies. Subject to the terms of this Agreement and the Investment Policies, the Information Statement may be amended or supplemented, notice of which will be provided to Participants in accordance with the disclosure requirements of the PFIA.
- (f) The Board shall, subject to the limitations established in the Investment Policies, have full and complete power and authority to appoint a general manager and any other service providers deemed necessary or helpful in the operation of the Cooperative.
- (g) The Board shall provide, through peer review, seminars, computer mail systems, or other means, information and educational opportunities to Participants on investing and on other issues in the area of public finance.
- (h) The Board shall have full and complete power to use, or direct the use of, Cooperative assets for the following purposes: (1) incur and pay any expenses which, in its opinion, are necessary or incidental to or proper for carrying out any of the purposes of this Agreement; (2) reimburse others for the payment thereof; (3) pay appropriate compensation or fees to persons with whom the Cooperative has contracted or transacted business; and (4) charge a Participant's Account for any special fees or expenses related specifically to transactions in such Account.
- (i) The Board shall have full power to compromise, arbitrate, or otherwise adjust claims in favor of or against the Cooperative.

Local Government Investment Cooperative (LOGIC)
Participation Agreement

- (j) The Board shall cause financial statements to be prepared and maintained for the Cooperative and for such statements to be audited annually by an independent certified public accounting firm.
- (k) The Board may appoint a General Manager to perform managerial services for the Cooperative, provided that the Board shall continue to oversee the operation and management of the Cooperative and shall have the authority to direct the General Manager to take or not take specific action on behalf of the Cooperative.
- (l) The enumeration of any specific power or authority herein shall not be construed as limiting the general power and authority of the Board over the Cooperative.

Section 3.03. Liability.

- (a) Neither the Board, the Investment Officers, nor any officers, employees or board members of any of the forgoing shall be held liable for any action or omission to act on behalf of the Cooperative or the Participants unless caused by such person's willful misconduct. The Cooperative shall indemnify and hold harmless (either directly or through insurance) any person referred to in this Section, to the extent permitted by law, for any and all litigation, claims or other proceedings, including but not limited to reasonable attorney fees, costs, judgments, settlement payments and penalties arising out of the management and operation of the Cooperative, unless the litigation, claim or other proceeding resulted from the willful misconduct of such person.
- (b) Neither the General Manager, the Marketing Representative, the Administrator, the Advisor, the Subadvisor, the Custodian, nor their affiliates, officers, employees or board members shall be held liable for any action or omission to act on behalf of the Cooperative or the Participants unless such person failed to meet the standard of care required under its agreement relating to the Cooperative or acted with willful misconduct. The Cooperative shall indemnify and hold harmless (either directly or through insurance) any person referred to in this Section, to the extent permitted by law, for any and all litigation, claims or other proceedings, including but not limited to reasonable attorney fees, costs, judgments, settlement payments and penalties arising out of the management and operation of the Cooperative, unless the litigation, claim, or other proceeding is adjudicated to have resulted from such person's failure to meet the standard of care required under its agreement relating to the Cooperative or its willful misconduct.
- (c) The indemnification provisions are described in more detail in the Bylaws.

ARTICLE IV

Participation in the Cooperative

Section 4.01. Eligibility. In order for a Government Entity to become a Participant and transfer money into the Cooperative, each of the following conditions must be satisfied:

- (a) The Government Entity must adopt a resolution (1) authorizing it to become a Participant and approving this Agreement, (2) acknowledging the Board's power

Local Government Investment Cooperative (LOGIC)
Participation Agreement

- to supervise the Cooperative, (3) approving the investment policies of the Cooperative (as amended from time to time by the Board) and directing that any conflicting local investment policies shall not apply to Cooperative investments of the Participant, (4) designating Authorized Representatives of the Participant, (5) designating the Investment Officers appointed from time to time by the Board as the Participant's investment officers who shall be responsible for investing the share of Cooperative assets representing local funds of the Participant, and (6) designating the depository and custodian appointed from time to time by the Board as the Government Entity's depository and custodian for purposes of holding the share of Cooperative assets representing funds of the Government Entity; and
- (b) The Government Entity must become a party to this Agreement by executing an Additional Party Agreement and delivering the same to the Cooperative, together with a certified copy of the resolution referred to in subsection (a) of this Section, an application in form and substance satisfactory to the Board, and such other information as may be required by the Board.
 - (c) No entity except a Government Entity may be a Participant. The Board shall have sole discretion to determine whether a Government Entity is eligible under Texas law to be a Participant and to designate categories of Government Entities eligible to be Participants in any Portfolio of the Cooperative.

Section 4.02. Participant Accounts.

- (a) While available local funds of Participants may be commingled for purposes of common investment and operational efficiency, one or more separate Accounts for each Participant in each Portfolio in the Cooperative designated by the Participant will be established in accordance with the Participant's application to join the Cooperative and maintained by the Cooperative.
- (b) Each Participant shall own an undivided beneficial interest in the assets in the Portfolios in which it invests, calculated as described in the Investment Policies.
- (c) The Participant agrees that all Cooperative fees shall be directly and automatically assessed and charged against the Participant's Account. The basic services fee shall be calculated as a reduction in the daily income earned and only the net income shall be credited to the Participant's Account. Fees for special services shall be charged to each Participant's Account as they are incurred or performed. Use of Cooperative assets for fees shall be made from current revenues available to the Participant.

Section 4.03. Reports. The Cooperative shall submit a written report a least once per month to each Participant. Such report will indicate: (1) the balance in each Account of a Participant as of the date of such report, (2) yield information, (3) all account activity since the previous report, and (4) other information required by the PFIA.

Section 4.04. Termination.

- (a) A Participant may withdraw all funds from an Account in accordance with the Investment Policies and Operating Procedures. A Participant may cease to be a

Local Government Investment Cooperative (LOGIC)
Participation Agreement

Participant under this Agreement, with or without cause, by providing written notice to the Cooperative at least 10 days prior to such termination.

- (b) The Board may terminate a Participant's participation in this Agreement upon at least 30 days notice if Texas law changes so that such Participant is no longer entitled to join in an eligible public funds investment pool under PFIA, the Interlocal Act, or other applicable law.
- (c) Upon the vote of a majority of its full membership, the Board may order the termination of this Agreement by directing that all outstanding operating expenses of the Cooperative be paid and remaining assets of the Cooperative be distributed to Participants in accordance with their respective pro rata interests.

ARTICLE V

Cooperative Assets

Section 5.01. Cooperative Investments. Cooperative assets shall be invested and reinvested by the Cooperative only in Authorized Investments in accordance with the Investment Policies.

Section 5.02. Custody. All money, investments and assets of the Cooperative shall be held in the possession of the Custodian.

ARTICLE VI

Miscellaneous

Section 6.01. Severability.

- (a) If any provision of this Agreement shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provisions contained herein or render the same invalid, inoperative or unenforceable to any extent whatsoever.
- (b) Any participation in this Agreement or transfer of assets to the Cooperative that is not qualified for any reason shall not terminate this Agreement or the participation of other Participants or otherwise adversely affect the Cooperative.

Section 6.02. Limitation of Rights. This Agreement does not create any right, title or interest for any person other than the Participants and any person who has a contract to provide services to the Cooperative, and nothing in or to be implied from this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under this Agreement.

Section 6.03. Execution of Counterparts. This Agreement may be executed in several separate counterparts, including by Additional Party Agreement, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 6.04. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 6.05. Term. This Agreement shall have an initial term beginning with the effective date set forth below and ending March 31, 1995 and shall be automatically renewed for one year

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Local Government Investment Cooperative (LOGIC)
Participation Agreement

on such date and each anniversary of such date, except with respect to any Government Entity that may have terminated itself as a Participant or as otherwise provided in Section 4.05.

Section 6.06. Notices. Any notices or other information required or permitted to be given hereunder shall be sent: (a) to the Cooperative as set forth in the Information Statement, and (b) to a Participant as set forth in its application to become a Participant or as otherwise provided by written notice to the Administrator.

Section 6.07. Entire Agreement; Amendments. This Agreement represents the entire agreement and understanding of the Participants and supersedes the Interlocal Agreement dated as of April 4, 1994. This Agreement may be amended with the approval of the Board, provided that notice of any such amendment is sent to all Participants at least 60 days prior to the effective date thereof.

* * * * *

Originally executed between Fort Bend County and City of Wichita Falls, Texas as of April 4, 1994, and amended by the Board and effective March 1, 1999.

* * * * *

Local Government Investment Cooperative (LOGIC)
Participation Agreement

Additional Party Agreement

The Government Entity of the State of Texas named below, acting by and through the undersigned Authorized Representative, hereby agrees to become a party to that certain Participation Agreement to which this page is attached, and thereby become a Participant in the Local Government Investment Cooperative, subject to all of the terms and provisions of such Agreement. The undersigned hereby represents that it is a Government Entity as defined in such Agreement.

Executed this _____ day of _____, 20____.

Name of Government Entity

By: _____
Authorized Representative

Printed Name and Title

Approved and accepted:

LOCAL GOVERNMENT INVESTMENT COOPERATIVE {LOGIC}

By: FIRST SOUTHWEST ASSET MANAGEMENT, INC.,
Participant Services Administrator

By: _____ Date: _____

Authorized Signer

Agenda Item:

(Staff)

31. Resolution amending the City of Kerrville investment policy regarding the investment of city funds in accordance with the public funds investment act.

SUBJECT: Approval of a resolution updating the investment policy of the City of
Kerrville

SUBMITTED BY: Mike Erwin  **CLEARANCES:** Todd Parton
Director of Finance City Manager

[illegible]

Staff requests approval of this resolution.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2011**

**A RESOLUTION AMENDING THE CITY OF KERRVILLE
INVESTMENT POLICY REGARDING THE INVESTMENT
OF CITY FUNDS IN ACCORDANCE WITH THE PUBLIC
FUNDS INVESTMENT ACT**

WHEREAS, the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) requires a city to annually review its investment policy with respect to the investment of public funds collected and held by the city pending the need to spend said funds; and

WHEREAS, City staff has reviewed the City's current investment policy and recommends amendments to said policy, including the investment strategy contained therein; and

WHEREAS, the City Council of the City of Kerrville, Texas, having reviewed said policy, concurs in the City staffs' recommendation and finds that it is in the public interest to extend said policy and readopt same with amendments;

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

The City of Kerrville, Texas, investment policy, as adopted by Resolution 063-2006, and which includes the investment strategy, is amended as indicated in **Exhibit A**.

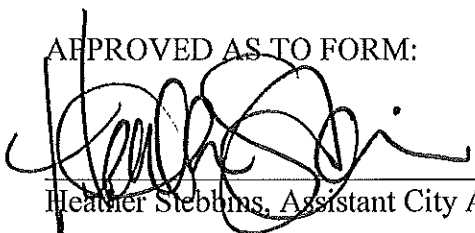
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2011.

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Heather Stebbins, Assistant City Attorney

1. General Policy

It is the policy of the City of Kerrville (the "City") to administer its funds and the investment of those funds, as its highest public trust. The funds shall be invested in a manner, which provides for maximum safety of principal through risk management and diversification while meeting the City's daily cash needs. The investment of the City's funds should provide a reasonable investment return. The earnings from investment will be used in a manner that best serves the interests of the City.

The City shall administer its investment activities in conformance with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), the Public Collateral Act (Texas Government Code, Chapter 2257) and in conformance with any applicable state and federal regulations, applicable bond resolution requirements, and this Investment Policy.

2. Scope

This Investment Policy governs the investment of all financial assets of the City as accounted for in the City's Comprehensive Annual Financial Report. This includes the financial assets of the following funds:

- a. general fund,
- b. special revenue fund,
- c. capital project fund,
- d. enterprise fund,
- e. reserve fund,
- f. trust and agency funds, to the extent not required by law or existing contract to be kept segregated and managed separately,
- g. debt service fund, including reserve and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately, and
- h. any new fund created by the City, unless specifically exempted from this Policy by the City Council or by law.

3. Goals and Objectives

Investment of the City funds shall be governed by the following investment objectives, in their order of priority:

a. Safety

Safety of principal is the foremost objective of the investment program of the City. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital and avoids security defaults or erosion of market values. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonable anticipated. Ongoing cash flow analysis will be used to identify changing liquidity needs. Demand deposits or other liquid investments should be maintained in an amount greater than or equal to one sixth (1/6) of the City's total annual operating budget in order to avoid the need to liquidate securities prior to maturity,

To the extent possible, the City will attempt to match its investment maturities with anticipated liabilities and cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in any securities maturing more than two (2) years from the date of purchase.

Such specific cash flow requirements would include operating funds, construction funds, and debt service funds.

To reflect the cash flow requirements and risk tolerance levels of the City, the weighted average maturity of the overall portfolio shall not exceed **1805 days**.

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c. **Diversification**

In order to minimize investment and market risk, the City will diversify its investments by market sector (security type) and maturity. The portfolio will be designed to avoid unreasonable risks within one market sector or from an individual financial institution.

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d. **Yield**

The City's investment portfolio shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio(s) risk shall be measured quarterly against a benchmark based on cash flow analysis and the authorized portfolio structure. **The overall portfolio shall have a maximum weighted average maturity of six (6) months.** To measure the overall risk of the portfolio, a benchmark of the six-month Treasury Bill shall be reported.

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Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a cash management program, which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

4. **Investment Strategy**

In compliance with the Act and as an integral part of the administration of the City's investment activities, the City Council shall annually adopt a separate-written Investment Strategy for each of the funds or group of funds under its control. ~~The Investment Strategy shall describe the investment objectives for the particular fund using the following priorities in order of importance:~~

- ~~a. understanding of the suitability of each investment to the financial requirements of the City;~~
- ~~b. preservation and safety of principal;~~
- ~~c. liquidity;~~
- ~~d. marketability of each investment if the need arises to liquidate the investment prior to maturity;~~
- ~~e. diversification of the investment portfolio; and~~
- ~~f. yield.~~

The City maintains one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in the portfolio:

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- A. The investment strategy for operating, enterprise and special revenue funds has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The secondary objective is to create a portfolio structure which will experience minimal volatility. This may be accomplished by purchasing high quality, short- to medium-term maturity securities (0-2 years) which will complement each other in a laddered maturity structure permitting some extension for yield enhancement. The maximum dollar weighted average maturity of six (6) months or less will be calculated using the stated final maturity date of each security.

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B. The investment strategy for debt service funds shall have as its primary objective the assurance of available funds adequate to fund the debt service obligations on a timely basis. Successive debt service dates will be fully funded before extension.

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C. The investment strategy for reserve funds shall have as its primary objective the ability to generate a revenue stream to the ~~debt service~~reserve funds from high quality securities with a low degree of volatility. The potential for loss shall be further controlled through the purchase of securities within the desired maturity range.

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D. The investment strategy for capital projects or capital project funds will have as its primary objective assurance that anticipated cash flows are matched and provide adequate investment liquidity. At least 10% total liquidity is planned to provide flexibility and for unanticipated project outlays. The stated final maturity dates of securities held may not exceed the estimated project completion date.

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The City shall pursue an active versus a passive portfolio management strategy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer and adviser will continuously monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions.

5. Investment Officers

The City's Director of Finance is authorized to administer the investment activities of the City and, is designated as Investment Officer for the purposes of this Policy. Upon recommendation of the City Manager, the City Council may designate one or more additional qualified employees or an SEC Registered Investment Advisor, as Investment Officer(s). The designation of additional Investment Officers shall be by resolution, or award of contract. Authority and designation as Investment Officer is effective until rescinded by the City, expiration of the officer's term, or until termination of employment.

All Investment Officer(s) shall be familiar with this Policy and its underlying procedures. No Investment Officer may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

A trading resolution is established by adoption of this Investment Policy authorizing the Investment Officer(s) to engage in investment transaction on behalf of the City. The persons so authorized to transact business are also authorized to approve wire transfers used in the process of investing.

Training

All Investment Officer(s) shall attend ten (10) hours of training in accordance with the Act within twelve (12) months of assuming responsibilities and attend (10) hours of training each successive two-year period. Training shall be provided or endorsed by the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, and the Texas Municipal League. Training should include topics such as investment controls, security risk, market risks, diversification of the investment portfolio and compliance with State laws.

6. Standard of Care

The standard of care to be used by the City's Investment Officer(s) shall be the "prudent person standard" and shall be applied in the context of managing the overall portfolio, rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with this investment policy. The standard states:

Investment shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for

speculation but for investment, considering the probable safety of the capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity,
- (3) diversification; and
- (4) yield.

Investment Officer(s) acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal liability for an individual security's credit risk or market price change, provided that deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. For the purpose of this paragraph, an investment officer has a personal business relationship with a business organization if:

1. the investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization.
2. funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
3. the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

7. Standard of Ethics

Investment Officer(s) shall act as custodians of the public trust and shall refrain from any transaction that might involve a conflict of interest or the appearance of a conflict of interest, or any activity that might otherwise discourage public confidence. Investment Officer(s) shall refrain from personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial investment decisions.

An Investment Officer who has a personal or business relationship with an individual or organization seeking to sell an investment to the City shall file a disclosure statement with the Texas Ethics Commission and the City Council in accordance with the Act.

8. Investment Advisors, Investment Pools, and Broker/Dealers

The City recognizes that all investment decisions regarding the City's portfolio are ultimately the responsibility of the City Council and its Investment Officers. However, all investment advisors and broker/dealers conducting business with the City shall make every reasonable effort to adhere to the spirit, philosophy, and specific terms of this Investment Policy. All investment advisors and broker/dealers shall avoid recommending or suggesting transaction outside the spirit, philosophy, and specific terms of this Investment Policy.

a. Broker/Dealers

A list of not less than five authorized broker/dealers shall be maintained to assure a competitive process. Investment Officers will establish the criteria, monitor the service, and evaluate the broker/dealers based on their:

1. adherence to the City's policies and strategies,
2. transaction pricing,
3. responsiveness to the City's requests for service and information
4. the quality of communications, and
5. understanding of the inherent fiduciary responsibility of public funds.

Financial Institutions and broker/dealers who desire to transact business with the City must supply the following documents to the Investment Officer or Investment Advisor (as applicable):

- Current year audited financial statements
- Financial Institutions Regulatory Agency (FINRA) certification and FINRA's Central Depository Registration (CRD) number.
- Proof of Texas State Securities registration.

Broker/dealers shall also provide timely trade documentation and confirmations.

Certification

Before transacting any business with the City, the Director of Finance shall present each broker/dealer with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing to the City, certify substantially to the effect that:

1. the broker/dealer has received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with a broker/dealer prior to receiving the certification.

If material changes are made to the Investment Policy, an updated copy shall be provided to the authorized broker/dealer for re-certification.

b. Investment Pools

Investment pools shall be required to furnish to the investment officer an information statement in accordance with the Act that contains, at a minimum, the following information:

1. the types of investments in which money is allowed to be invested;
2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
3. the maximum stated maturity date of any investment security within the portfolio has;
4. the objectives of the pool;
5. the size of the pool;
6. the names of the members of the advisory board of the pool and the dates their terms expire;
7. the custodian bank that will safekeep the pool's assets;
8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuations;
9. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
10. the name and address of the independent auditor of the pool;
11. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and
12. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

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The investment pool shall furnish the City the following information:

1. investment transaction confirmations; and
2. a monthly report that contains, at a minimum, the following information:
 - a. the types and percentage breakdown of securities in which the pool is invested;

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- b. the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
- c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
- d. the book value versus the market value of the pool's portfolio, using amortized cost valuation;
- e. the size of the pool;
- f. the number of participants in the pool;
- g. the custodian bank that is safekeeping the assets of the pool;
- h. a listing of daily transaction activity of the entity participating in the pool;
- i. the yield and expense ratio of the pool;
- j. the portfolio managers of the pool; and
- k. any changes or addenda to the offering circular.

Investment pools must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

c. Investment Advisor

The City may contract with another investing entity registered under the 15 U.S.C. Section 80b-1 et seq. to invest its funds. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the City Council by order, ordinance, or resolution. The investing entity will be held to the same standards of this Policy as the Investment Officer.

Investment advisors shall be required to be registered with the U.S. Security and Exchange Commission and shall provide their SEC ADV Form to the City on an annual basis.

The Director of Finance shall present investment advisors with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing, certify substantially to the effect that:

1. the applicable advisors have received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with an investment advisor prior to receiving the certification.

9. Authorized Investments

Authorized investments under this Policy shall be limited to the instruments listed below as further described by the Act.

- a. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage backed securities, with a stated final maturity not to exceed two (2) years.
- b. Fully collateralized or insured certificates of deposit from banks or credit unions doing business in Texas with a final stated maturity not to exceed twelve (12) months. Certificates of deposit shall be:
 1. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor ~~or the National Credit Union Share Insurance Fund or its successor or the National Credit Union Share Insurance Fund or its successor~~, or
 2. secured by obligations as defined by this Policy, and

3. governed by a written Depository Agreement that complies with federal and state regulations for properly securing a pledged security interest.
- c. Commercial paper rated A1/P1 or its equivalent by two (2) nationally recognized rating agencies and with a final stated maturity not to exceed one hundred eighty five (185) days from the date of issuance.
- d. An AAA-rated SEC registered money market mutual funds, striving to maintain a \$1 net asset value, continuously rated not less than AAA or equivalent by at least one nationally recognized rating firm. An AAA-rated money market mutual fund must have a dollar-weighted average stated maturity of 60 days or fewer.
- e. Constant-dollar, AAA-rated or AAA-m rated Texas Local Government Investment Pools, approved by resolution of the City Council and conforming in every respect to the Act.
- The City shall not invest, in the aggregate, more than 90 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in approved investment pools.
- The City investment in any investment pool shall not exceed 5 percent of the total assets of the pool.
- f. Fully collateralized repurchase agreements transacted with a primary securities dealer as defined by the Federal Reserve, under a written Master Repurchase Agreement, with a defined termination date, secured by obligations as defined by this Policy held by an independent third party custodian approved by the City, and with a stated final maturity not to exceed ninety (90) days.

This authorization includes flexible repurchase agreements ("flex repos") to be utilized only in the investment of bond proceeds with a stated final maturity not to exceed the expenditure plan on the bond proceeds.

- g. Fully collateralized or insured demand deposit accounts at authorized City depositories, under the provisions of a written collateral/depository agreement.

- g-h. State and municipal obligations of any state rated not less than AA by two nationally recognized rating agencies and with a stated maturity not to exceed two years.

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Unauthorized Securities

The City is not authorized to invest in the following securities:

1. Interest-Only mortgaged backed securities (IO) whose payment represents only the coupon payments on outstanding principal balances of underlying mortgage.
2. Principal-Only mortgage backed securities (PO) whose payment represents only the principal stream from underlying mortgages.
3. Collateralized mortgage obligations (CMO) with a stated final maturity date of greater than ten (10) years.
4. Collateralized mortgage obligations the interest rate which is determined by an index that adjusts opposite to the change in a market index.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version adopted by the City Council.

Delivery versus Payment

All security transactions shall be transacted on a delivery versus payment (DVP) basis in order to ensure that the City has total control of its investments and its funds at all times.

Competitive Bidding

All investment transactions, including certificates of deposit, will be made on a competitive basis to assure that the City is receiving fair market prices. Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

10. Collateralization

Consistent with the requirements of the Act and the Public Funds Collateral Act, the City shall require collateral on all repurchase agreements and all time and demand deposits above the limits of federal insurance.

Time and Demand Deposits- Pledged Collateral

Financial institutions serving as City depositories will be required to execute a Depository Agreement with the City outlining, among other conditions, collateral conditions and limitations. The Agreement shall define the City's rights to the collateral in case of default, bankruptcy or closing.

Collateral authorized by the City will be limited to the following

1. Obligations of the US Government, its agencies and instrumentalities, including mortgage backed securities, which pass the bank test.
2. Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

Collateral pledged to the City must be maintained with a margin of 102% of the time or demand amounts being collateralized. The banking institution shall be held contractually liable for monitoring and maintaining the required margins at all time. All collateral shall be held by an independent third party banking institution outside the holding company of the pledging bank. A clearly marked evidence of ownership (safekeeping receipt) must be provided to the City for all securities pledged and must clearly state that the security is pledged to the City. Substitution of collateral shall only be made after prior written approval by the City.

The pledging institution shall be responsible for providing a monthly report, preferably from the custodian, on pledged collateral listing at a minimum, the security description, cusip, par value, maturity, and current market value.

Repurchase Agreement- Owned Collateral

Collateral under a master repurchase agreement is owned by the City under a buy-sell transaction. It will be held by an independent third party safekeeping agent approved by the City under an executed SIMFA Master Repurchase Agreement. Collateral with a market value totaling 102% of the principal and accrued interest is required and the counter-party is responsible for the monitoring and maintaining of collateral and margins at all times.

11. Safekeeping and Custody of City Owned Securities

The laws of the State, this Policy, and prudent treasury management require that all securities be settled on a delivery versus payment basis and be held in safekeeping by an independent third party financial institution approved by the City. The City shall contract with its banking services depository or another financial institution(s) as Custodian for the safekeeping of any securities owned by the City. The designated

Custodian will be responsible for the clearing and safekeeping of all security trades and will provide a monthly report of holdings. All securities held by the Custodian on behalf of the City shall be evidenced by a safekeeping receipt.

12. Diversification

Diversification by security types shall be established by the following maximum percentages of investment type to the total City investment portfolio:

Obligations of the US Government	90%
Obligations of US Agencies/Instrumentalities	90%
Certificates of Deposit	90%
Limitation by banking institution	15%
Commercial Paper	20%
Limitation by Issuer	10%
Money Market Mutual Funds	70%
Limitation by ownership in fund	5%
Constant Dollar Texas Investment Pools	90%
Limitation by ownership in fund	5%
<u>State and municipal Obligations</u>	<u>15%</u>

Maximum percentages listed above are to be based on amortized book value.

13. Internal Control

The Director of Finance shall maintain a system of internal controls over the investment activities of the City and his/her subordinate employees. The control shall be designed to address fraud, employee error, misrepresentation by third parties, unanticipated market changes, and imprudent actions. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

The City's internal controls over investment activities, and quarterly investment reports, shall be reviewed annually by the City's independent auditor as part of the annual audit process. Any irregularities or suggestions for improvement shall be reported to the City Council.

Cash Flow Forecasting

Cash flow forecasting is a control designed to protect and sustain cash flow requirements of the City. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions of investment purposes.

14. Reporting

Not less than quarterly, the Director of Finance shall report to the City Council regarding the City's investment activities for the quarter in compliance with the Act. The reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. At a minimum the report shall include:

- description of each investment and depository position.
- book and market values at the beginning and end of the reporting period
- additions, and changes to the market value during the period
- book value and market value of each separately invested asset at the beginning and end of the reporting period market sector and fund
- maturity date of each separately invested asset
- account, fund, or pooled group fund for which each investment was acquired

- earnings for the period
- overall yield for the portfolio(s) in comparison to its benchmark yield for the period

Market prices for market value calculations shall be obtained from independent sources. The quarterly report shall be signed by the Investment Officer and Investment Advisor as applicable.

15. Depositories

The City will design one banking institution through a competitive process as its central banking services provider at least every five (5) years. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization of each financial institution shall be considered. This institution will be used for normal banking services including disbursement, deposits, and safekeeping of securities.

Depository agreements, executed in accordance with FIRREA (Financial Institutions Resource and Recovery Enforcement Act), will be established before funds are transferred.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as depositories and must execute a written depository (collateral) contract in accordance with the provisions of this Policy.

16. Policies and Strategy Review

The City Council shall review and adopt the City Investment Policy and incorporated Investment Strategy not less than annually. The City Council shall adopt a written instrument by resolution stating that it has reviewed the Policy and Strategy and the adopting resolution shall record any changes made.

The City's investment activities shall be reviewed annually by the City's independent auditors as part of the annual audit process. The objective of the review shall be to ascertain compliance of the City's investment activities with the Investment Policy, Investment Strategy, and the Act. Any irregularities shall be reported to the City Council through a report as prescribed by the audit engagement agreement.

City of Kerrville, Texas
Investment Policy

1. General Policy

It is the policy of the City of Kerrville (the "City") to administer its funds and the investment of those funds, as its highest public trust. The funds shall be invested in a manner, which provides for maximum safety of principal through risk management and diversification while meeting the City's daily cash needs. The investment of the City's funds should provide a reasonable investment return. The earnings from investment will be used in a manner that best serves the interests of the City.

The City shall administer its investment activities in conformance with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), the Public Collateral Act (Texas Government Code, Chapter 2257) and in conformance with any applicable state and federal regulations, applicable bond resolution requirements, and this Investment Policy.

2. Scope

This Investment Policy governs the investment of all financial assets of the City as accounted for in the City's Comprehensive Annual Financial Report. This includes the financial assets of the following funds:

- a. general fund,
- b. special revenue fund,
- c. capital project fund,
- d. enterprise fund,
- e. reserve fund,
- f. trust and agency funds, to the extent not required by law or existing contract to be kept segregated and managed separately,
- g. debt service fund, including reserve and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately, and
- h. any new fund created by the City, unless specifically exempted from this Policy by the City Council or by law.

3. Goals and Objectives

Investment of the City funds shall be governed by the following investment objectives, in their order of priority:

a. Safety

Safety of principal is the foremost objective of the investment program of the City. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital and avoids security defaults or erosion of market values. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonable anticipated. Ongoing cash flow analysis will be used to identify changing liquidity needs. Demand deposits or other liquid investments should be maintained in an amount greater than or equal to one sixth (1/6) of the City's total annual operating budget in order to avoid the need to liquidate securities prior to maturity,

To the extent possible, the City will attempt to match its investment maturities with anticipated liabilities and cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in any securities maturing more than **two (2) years** from the date of purchase.

Such specific cash flow requirements would include operating funds, construction funds, and debt service funds.

To reflect the cash flow requirements and risk tolerance levels of the City, the weighted average maturity of the overall portfolio shall not exceed 180 days.

c. Diversification

In order to minimize investment and market risk, the City will diversify its investments by market sector (security type) and maturity. The portfolio will be designed to avoid unreasonable risks within one market sector or from an individual financial institution.

d. Yield

The City's investment portfolio shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio(s) risk shall be measured quarterly against a benchmark based on cash flow analysis and the authorized portfolio structure. The overall portfolio shall have a maximum weighted average maturity of six (6) months. To measure the overall risk of the portfolio, a benchmark of the six-month Treasury Bill shall be reported.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a cash management program, which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

4. Investment Strategy

In compliance with the Act and as an integral part of the administration of the City's investment activities, the City Council shall annually adopt a written Investment Strategy .

The City maintains one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in the portfolio:

- A. The investment strategy for operating, enterprise and special revenue funds has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The secondary objective is to create a portfolio structure which will experience minimal volatility. This may be accomplished by purchasing high quality, short- to medium-term maturity securities (0-2 years) which will complement each other in a laddered maturity structure permitting some extension for yield enhancement. The maximum dollar weighted average maturity of six (6) months or less will be calculated using the stated final maturity date of each security.
- B. The investment strategy for debt service funds shall have as its primary objective the assurance of available funds adequate to fund the debt service obligations on a timely basis. Successive debt service dates will be fully funded before extension.
- C. The investment strategy for reserve funds shall have as its primary objective the ability to generate a revenue stream to the reserve funds from high quality securities with a low degree of volatility. The potential for loss shall be further controlled through the purchase of securities within the desired maturity range.
- D. The investment strategy for capital projects or capital project funds will have as its primary objective assurance that anticipated cash flows are matched and provide adequate investment liquidity. At least

10% total liquidity is planned to provide flexibility and for unanticipated project outlays. The stated final maturity dates of securities held may not exceed the estimated project completion date.

The City shall pursue an active versus a passive portfolio management strategy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer and adviser will continuously monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions.

5. Investment Officers

The City's Director of Finance is authorized to administer the investment activities of the City and, is designated as Investment Officer for the purposes of this Policy. Upon recommendation of the City Manager, the City Council may designate one or more additional qualified employees or an SEC Registered Investment Advisor, as Investment Officer(s). The designation of additional Investment Officers shall be by resolution, or award of contract. Authority and designation as Investment Officer is effective until rescinded by the City, expiration of the officer's term, or until termination of employment.

All Investment Officer(s) shall be familiar with this Policy and its underlying procedures. No Investment Officer may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

A trading resolution is established by adoption of this Investment Policy authorizing the Investment Officer(s) to engage in investment transaction on behalf of the City. The persons so authorized to transact business are also authorized to approve wire transfers used in the process of investing.

Training

All Investment Officer(s) shall attend ten (10) hours of training in accordance with the Act within twelve (12) months of assuming responsibilities and attend (10) hours of training each successive two-year period. Training shall be provided or endorsed by the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, and the Texas Municipal League. Training should include topics such as investment controls, security risk, market risks, diversification of the investment portfolio and compliance with State laws.

6. Standard of Care

The standard of care to be used by the City's Investment Officer(s) shall be the "prudent person standard" and shall be applied in the context of managing the overall portfolio, rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with this investment policy. The standard states:

Investment shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of the capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity,
- (3) diversification; and
- (4) yield.

Investment Officer(s) acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal liability for an individual security's credit risk or market price change, provided that deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. For the purpose of this paragraph, an investment officer has a personal business relationship with a business organization if:

1. the investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization.
2. funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
3. the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

7. Standard of Ethics

Investment Officer(s) shall act as custodians of the public trust and shall refrain from any transaction that might involve a conflict of interest or the appearance of a conflict of interest, or any activity that might otherwise discourage public confidence. Investment Office(s) shall refrain from personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial investment decisions.

An Investment Officer who has a personal or business relationship with an individual or organization seeking to sell an investment to the City shall file a disclosure statement with the Texas Ethics Commission and the City Council in accordance with the Act.

8. Investment Advisors, Investment Pools, and Broker/Dealers

The City recognizes that all investment decisions regarding the City's portfolio are ultimately the responsibility of the City Council and its Investment Officers. However, all investment advisors and broker/dealers conducting business with the City shall make every reasonable effort to adhere to the spirit, philosophy, and specific terms of this Investment Policy. All investment advisors and broker/dealers shall avoid recommending or suggesting transaction outside the spirit, philosophy, and specific terms of this Investment Policy.

a. Broker/Dealers

A list of not less than five authorized broker/dealers shall be maintained to assure a competitive process. Investment Officers will establish the criteria, monitor the service, and evaluate the broker/dealers based on their:

1. adherence to the City's policies and strategies,
2. transaction pricing,
3. responsiveness to the City's requests for service and information
4. the quality of communications, and
5. understanding of the inherent fiduciary responsibility of public funds.

Financial Institutions and broker/dealers who desire to transact business with the City must supply the following documents to the Investment Officer or Investment Advisor (as applicable):

- Current year audited financial statements
- Financial Institutions Regulatory Agency (FINRA) certification and FINRA's Central Depository Registration (CRD) number.
- Proof of Texas State Securities registration.

Broker/dealers shall also provide timely trade documentation and confirmations.

Certification

Before transacting any business with the City, the Director of Finance shall present each broker/dealer with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing to the City, certify substantially to the effect that:

1. the broker/dealer has received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with a broker/dealer prior to receiving the certification.

If material changes are made to the Investment Policy, an updated copy shall be provided to the authorized broker/dealer for re-certification.

b. Investment Pools

Investment pools shall be required to furnish to the investment officer an information statement in accordance with the Act.

Investment pools must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

c. Investment Advisor

The City may contract with another investing entity registered under the 15 U.S.C. Section 80b-1 et seq. to invest its funds. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the City Council by order, ordinance, or resolution.. The investing entity will be held to the same standards of this Policy as the Investment Officer.

Investment advisors shall be required to be registered with the U.S. Security and Exchange Commission and shall provide their SEC ADV Form to the City on an annual basis.

The Director of Finance shall present investment advisors with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing, certify substantially to the effect that:

1. the applicable advisors have received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with an investment advisor prior to receiving the certification.

9. Authorized Investments

Authorized investments under this Policy shall be limited to the instruments listed below as further described by the Act.

- a. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage backed securities, with a stated final maturity not to exceed two (2) years.
- b. Fully collateralized or insured certificates of deposit from banks or credit unions doing business in Texas with a final stated maturity not to exceed twelve (12) months. Certificates of deposit shall be:

1. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or
 2. secured by obligations as defined by this Policy, and
 3. governed by a written Depository Agreement that complies with federal and state regulations for properly securing a pledged security interest.
- c. Commercial paper rated A1/P1 or its equivalent by two (2) nationally recognized rating agencies and with a final stated maturity not to exceed one hundred eighty five (185) days from the date of issuance.
- d. An AAA-rated SEC registered money market mutual funds, striving to maintain a \$1 net asset value, continuously rated not less than AAA or equivalent by at least one nationally recognized rating firm. An AAA-rated money market mutual fund must have a dollar-weighted average stated maturity of 60 days or fewer.
- e. Constant-dollar, AAA-rated or AAA-m rated Texas Local Government Investment Pools, approved by resolution of the City Council and conforming in every respect to the Act.

The City shall not invest, in the aggregate, more than 90 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in approved investment pools.

The City investment in any investment pool shall not exceed 5 percent of the total assets of the pool.

- f. Fully collateralized repurchase agreements transacted with a primary securities dealer as defined by the Federal Reserve, under a written Master Repurchase Agreement, with a defined termination date, secured by obligations as defined by this Policy held by an independent third party custodian approved by the City, and with a stated final maturity not to exceed ninety (90) days.

This authorization includes flexible repurchase agreements ("flex repos") to be utilized only in the investment of bond proceeds with a stated final maturity not to exceed the expenditure plan on the bond proceeds.

- g. Fully collateralized or insured demand deposit accounts at authorized City depositories, under the provisions of a written collateral/depository agreement.
- h. State and municipal obligations of any state rated not less than AA by two nationally recognized rating agencies and with a stated maturity not to exceed two years.

Unauthorized Securities

The City is not authorized to invest in the following securities:

1. Interest-Only mortgaged backed securities (IO) whose payment represents only the coupon payments on outstanding principal balances of underlying mortgage.
2. Principal-Only mortgage backed securities (PO) whose payment represents only the principal stream from underlying mortgages.
3. Collateralized mortgage obligations (CMO) with a stated final maturity date of greater than ten (10) years.
4. Collateralized mortgage obligations the interest rate which is determined by an index that adjusts opposite to the change in a market index.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version adopted by the City Council.

Delivery versus Payment

All security transactions shall be transacted on a delivery versus payment (DVP) basis in order to ensure that the City has total control of its investments and its funds at all times.

Competitive Bidding

All investment transactions, including certificates of deposit, will be made on a competitive basis to assure that the City is receiving fair market prices. Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

10. Collateralization

Consistent with the requirements of the Act and the Public Funds Collateral Act, the City shall require collateral on all repurchase agreements and all time and demand deposits above the limits of federal insurance.

Time and Demand Deposits- Pledged Collateral

Financial institutions serving as City depositories will be required to execute a Depository Agreement with the City outlining, among other conditions, collateral conditions and limitations. The Agreement shall define the City's rights to the collateral in case of default, bankruptcy or closing.

Collateral authorized by the City will be limited to the following

1. Obligations of the US Government, its agencies and instrumentalities, including mortgage backed securities, which pass the bank test.
2. Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

Collateral pledged to the City must be maintained with a margin of 102% of the time or demand amounts being collateralized. The banking institution shall be held contractually liable for monitoring and maintaining the required margins at all time. All collateral shall be held by an independent third party banking institution outside the holding company of the pledging bank. A clearly marked evidence of ownership (safekeeping receipt) must be provided to the City for all securities pledged and must clearly state that the security is pledged to the City. Substitution of collateral shall only be made after prior written approval by the City.

The pledging institution shall be responsible for providing a monthly report, preferably from the custodian, on pledged collateral listing at a minimum, the security description, cusip, par value, maturity, and current market value.

Repurchase Agreement- Owned Collateral

Collateral under a master repurchase agreement is owned by the City under a buy-sell transaction. It will be held by an independent third party safekeeping agent approved by the City under an executed SIMFA Master Repurchase Agreement. Collateral with a market value totaling 102% of the principal and accrued interest is required and the counter-party is responsible for the monitoring and maintaining of collateral and margins at all times.

11. Safekeeping and Custody of City Owned Securities

The laws of the State, this Policy, and prudent treasury management require that all securities be settled on a delivery versus payment basis and be held in safekeeping by an independent third party financial

institution approved by the City. The City shall contract with its banking services depository or another financial institution(s) as Custodian for the safekeeping of any securities owned by the City. The designated Custodian will be responsible for the clearing and safekeeping of all security trades and will provide a monthly report of holdings. All securities held by the Custodian on behalf of the City shall be evidenced by a safekeeping receipt.

12. Diversification

Diversification by security types shall be established by the following maximum percentages of investment type to the total City investment portfolio:

Obligations of the US Government	90%
Obligations of US Agencies/Instrumentalities	90%
Certificates of Deposit	90%
Limitation by banking institution	15%
Commercial Paper	20%
Limitation by Issuer	10%
Money Market Mutual Funds	70%
Limitation by ownership in fund	5%
Constant Dollar Texas Investment Pools	90%
Limitation by ownership in fund	5%
State and municipal Obligations	15%

Maximum percentages listed above are to be based on amortized book value.

13. Internal Control

The Director of Finance shall maintain a system of internal controls over the investment activities of the City and his/her subordinate employees. The control shall be designed to address fraud, employee error, misrepresentation by third parties, unanticipated market changes, and imprudent actions. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

The City's internal controls over investment activities, and quarterly investment reports, shall be reviewed annually by the City's independent auditor as part of the annual audit process. Any irregularities or suggestions for improvement shall be reported to the City Council.

Cash Flow Forecasting

Cash flow forecasting is a control designed to protect and sustain cash flow requirements of the City. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions of investment purposes.

14. Reporting

Not less than quarterly, the Director of Finance shall report to the City Council regarding the City's investment activities for the quarter in compliance with the Act. The reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. At a minimum the report shall include:

- description of each investment and depository position.
- book and market values at the beginning and end of the reporting period
- additions, and changes to the market value during the period
- book value and market value of each separately invested asset at the beginning and end of the reporting period market sector and fund

- maturity date of each separately invested asset
- account, fund, or pooled group fund for which each investment was acquired
- earnings for the period
- overall yield for the portfolio(s) in comparison to its benchmark yield for the period

Market prices for market value calculations shall be obtained from independent sources. The quarterly report shall be signed by the Investment Officer and Investment Advisor as applicable.

15. Depositories

The City will design one banking institution through a competitive process as its central banking services provider at least every five (5) years. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization of each financial institution shall be considered. This institution will be used for normal banking services including disbursement, deposits, and safekeeping of securities.

Depository agreements, executed in accordance with FIRREA (Financial Institutions Resource and Recovery Enforcement Act), will be established before funds are transferred.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as depositories and must execute a written depository (collateral) contract in accordance with the provisions of this Policy.

16. Policies and Strategy Review

The City Council shall review and adopt the City Investment Policy and incorporated Investment Strategy not less than annually. The City Council shall adopt a written instrument by resolution stating that it has reviewed the Policy and Strategy and the adopting resolution shall record any changes made.

The City's investment activities shall be reviewed annually by the City's independent auditors as part of the annual audit process. The objective of the review shall be to ascertain compliance of the City's investment activities with the Investment Policy, Investment Strategy, and the Act. Any irregularities shall be reported to the City Council through a report as prescribed by the audit engagement agreement.

RECOMMENDED LIST

City of Kerrville, Texas Authorized Broker/Dealer List

Adopted June 14, 2011

The authorized broker/dealer list for the City of Kerrville is shown below. Each of these firms, and the individual covering the account, are sent the current Investment Policy. In accordance with the Public Funds Investment Act (TX Gov't Code 2256.005(k)) before any broker/dealer transacts business with the City it will have had to certify in writing to a review of the City's Policy and have certified that procedures are in place to assure compliance with that Policy.

The City's Policy establishes specific criteria for the brokers and requires that the list of broke/dealers be approved annually by the Board. *Patterson & Associates* maintains the brokerage compliance files for the City.

When any material changes are made to the Investment Policy the new Policy is sent out for re-certification.

Barclays
Cantella & Co.
Citigroup
Mizuho Securities
Stifel Nicolaus
Vining Sparks

Agenda Item:
(Staff)

- 3J. Resolution granting a license for use of the city's right-of-ways.

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

SUBJECT: Resolution Granting a Licensed Peddler Limited Use of City Right of Way
for Ice Cream/Snack Sales

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 2, 2011

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Kristine Ondrias 

EXHIBITS: Application from Rhonda Carter
Chapter 78, Section I of the City's Code of Ordinances
Proposed Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

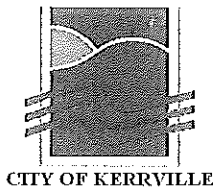
Under this item, per the Sec 78-2 of the Code of Ordinances, City Council will consider a request from Rhonda Carter to sell prepackaged ice cream/snacks using City controlled public right-of-way.

The attached resolution will allow this vendor to sell on or from any City owned rights-of-way with the following restrictions:

- Grant of ROW use restricted to 12 noon through dusk.
- Grant of ROW use restricted to 4pm through dusk if within 300 feet of schools and/or licensed day care facilities.
- Grant of ROW use restricted to residential streets only.
- All vehicles and operators must obey all applicable local and state traffic laws, vehicle registration requirements and operator licenses.
- No sales allowed on or from other property, public or private, without express permission of the owner(s) of that property.
- Operators shall meet all requirements of all applicable city codes.
- Applicants and agents shall be subject to a background check by the City of Kerrville prior to peddling.

RECOMMENDED ACTION

Approve resolution as presented.



City of Kerrville - Peddler/Solicitor-Application

*Please present a copy of State issued drivers license/I.D., sales tax I.D. certificate, letter from property owner authorizing business to promote or sell products and/or leasing agreement letter.

NAME OF ESTABLISHMENT: Snacker Attacker

☒ Individual ☐ Partnership ☐ Corporation ☐ Non-Profit
☐ Sales Tax I.D.

Owner's Name: Rhonda Carter

Type of Business: Mobil Ice Cream Truck

Phone 830-285-5533 ~~Area #~~ other # 830-896-6117 lv. msg.

Address of Establishment:

City, State, Zip Kerrville, TX 78028 E-mail _____

OPERATOR INFORMATION

Name: Rhonda Carter Drivers License #: 14002368

Phone # 830-285-5533 ~~Area #~~ other # 830-896-6117 lv. msg.

Address: 120 Codrington Dr.

City, State, Zip Kerrville, TX. 78028

List additional employees on back

*****\$ 750.00 Deposit required if money taken for sale prior to receipt of merchandise*****

☒ Peddlers & Solicitors ☐ Each additional person/vehicle
\$600.00 per year #01-6466 _____
\$750.00 Deposit #01-6466 _____
\$100.00 per year _____
\$10.00 per month _____

☐ Carnival ☐ \$0.00 Exempt
\$100.00 #01-6466 _____

Address of sale: _____

Date(s) of Operation: _____

Time(s) of Operation: _____

Are you selling on private property? ☐ Yes ☒ No

If, yes, provide a letter of permission from the property owner.

APPROVAL:

Date _____

City of Kerrville Texas, 800 Junction Hwy. Kerrville TX, 78028 792-8353 (830)257-8000

TEXAS SALES AND USE TAX PERMIT

This permit is not transferable, and this side must be prominently displayed in your place of business.

Merchants: A copy of this permit does not replace a resale or exemption certificate. You will be responsible for sales tax unless you have a valid resale/exemption certificate on file.

TAXPAYER NAME, BUSINESS LOCATION NAME, and PHYSICAL LOCATION

RHONDA GAIL CARTER

SNACKER ATTACKER
120 CODRINGTON DR
KERRVILLE

TX 78028-8642

NAICS CODE: 454390

DESCRIPTION ON NEXT LINE:

Other Direct Selling Establishments

WE SHOW THIS BUSINESS IN THE FOLLOWING LOCAL SALES TAX AUTHORITIES:

COUNTY: KERR

EFF: 06/01/2011

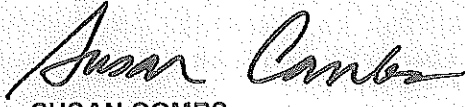
You must obtain a new permit if there is a change of ownership, location, or business location name.

Type of permit
SALES AND USE TAX

Taxpayer number
3-20348-4020-0

Location number
00003

First business date
06/01/2011


SUSAN COMBS
Comptroller of Public Accounts

YOU MAY NEED TO COLLECT SALES AND/OR USE TAX FOR OTHER LOCAL TAXING AUTHORITIES DEPENDING ON YOUR TYPE OF BUSINESS.

If you have any questions regarding sales tax, you may contact the Texas State Comptroller's field office in your area or call 1-800-252-5555, toll free, nationwide. The Austin number is 512/463-4600.

All permits are issued subject to the provisions of the law. This permit may be revoked, suspended, or cancelled for a violation of any provision of any taxing statute administered by the Texas Comptroller of Public Accounts or of any rule adopted by the Comptroller to administer those statutes. Receipt of this permit does not mean that the taxpayer to whom it is issued is in good standing with the Comptroller.

Please note that you are responsible for collecting the correct amount of local taxes. For example, if our records show that one of your locations outside the city limits, and it is, in fact, inside the city, you are still responsible for collecting and remitting the city sales tax. If the local taxing authorities on your sales tax permit are incorrect, please call us, so we can correct them.

Taxpayer name and mailing address

RHONDA GAIL CARTER
120 CODRINGTON DR
KERRVILLE

TX 78028-8642

60

**OPERATING WITHOUT A VALID
PERMIT IS A MISDEMEANOR
PUNISHABLE BY A FINE OF NOT
MORE THAN \$500 PER DAY.**

Legal citation: TEX. TAX CODE ANN. chs. 111 and 151.

***For an existing business, this permit replaces the permit you now hold for this location.
All previous permits of this type issued by the Texas Comptroller of Public Accounts are void.***

Kerrville, Texas, Code of Ordinances >> PART II - CODE OF ORDINANCES >> Chapter 78 -
PEDDLERS AND SOLICITORS >> ARTICLE I. - IN GENERAL >>

ARTICLE I. - IN GENERAL

Sec. 78-1. - Definitions.

Sec. 78-2. - Street sales.

Sec. 78-3. - Open air markets.

Sec. 78-4. - Penalty.

Secs. 78-5—78-30. - Reserved.

Sec. 78-1. - Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Canvasser and *solicitor* mean one who takes orders for future deliveries, or for services, or solicits subscriptions, in public places or from house to house or store to store and not from an established place on private premises (solicitation of funds or orders by telephone is not considered canvassing in this sense of the word.)

Itinerant merchant and *vendor* mean one who:

- (1) Sells, offers for sale, or takes orders for the sale of any goods or merchandise or exhibits the goods or merchandise for such purposes and who, for the purpose of carrying on such activities, rents or occupies any room or space in any building, structure or other enclosure, or rents or occupies any space on land not in any such building or structure in the city; and
- (2) Rents, leases, subleases or occupies such property or space for less than one year.

Peddler means a person who sells or offers for sale tangible merchandise from house to house, store to store, or on the sidewalks or in any public place including those located on private premises; his sales are not made from one established spot excepting where they are made on a sidewalk or other public place including those located on private premises and he makes delivery at the time of the sale. Whether or not he collects at the same time is immaterial.

Public place means those places which are not located in a permanent building structure and to which the public or a substantial group of the public has access and includes, but is not limited to, streets, highways, parking lots, vacant lots and sidewalks.

(Ord. No. 86-62, § 1, 1-13-1987; Ord. No. 91-12, 4-23-1991; Code 1968, art. 8-IV-1)

Cross reference— Definitions generally, § 1-2

Sec. 78-2. - Street sales.

No licensee under this chapter shall ply his vocation on any public right-of-way or property unless approved by the city council.

(Ord. No. 86-62, § 5, 1-13-1987; Ord. No. 91-12, 4-23-1991; Code 1968, art. 8-IV-5)

Sec. 78-3. - Open air markets.

Each owner or operator of an open air market approved by special use permit shall be required to furnish the city clerk and the state comptroller's office a list of each person, firm or corporation leasing or occupying space in the market and the information required by section 78-32(a) and (b) for each lessee or occupant. Each owner or operator shall state with his information, the times and days that those lessees or occupants shall be present to offer for sale their merchandise.

(Ord. No. 91-12, 4-23-1991; Code 1968, art. 8-IV-6)

Sec. 78-4. - Penalty.

Any person violating any of the provisions of this chapter shall be guilty of a misdemeanor, and shall be subject to the penalties provided for in section 1-7. A separate offense shall be deemed committed each day on which a violation occurs or continues.

(Ord. No. 86-62, § 7, 1-13-1987; Ord. No. 91-12, 4-23-1991; Code 1968, art. 8-IV-8)

~~SECS. 10-5—10-50. - Reserved.~~ [Copy link to clipboard](#)

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2011

**A RESOLUTION GRANTING A LICENSE FOR USE OF THE CITY'S
RIGHT-OF-WAYS**

WHEREAS, Chapter 78 of the City Code of Ordinances (the "Code") regulates peddlers and specifically, prohibits the use of City right-of-ways for sales unless approved by the City Council; and

WHEREAS, a vendor seeking to use City right-of-ways has requested approval from the City Council to sell prepackaged ice cream within the City and upon City right-of-ways; and

WHEREAS, the City Council hereby finds that a public purpose exists to support the granting of a peddler license for this activity and subject to the conditions specified below;

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

SECTION ONE. The City Council grants a peddler license to Rhonda Carter for her to use the City's right-of-ways, such authority subject to the following terms:

- a. the authority is granted Rhonda Carter ("License Holder"), for her use and use alone. The authority granted herein shall not apply to anyone else, including agents or employees of the License Holder;
- b. the authority granted herein is applicable only to residential streets;
- c. the use of City right-of-ways and sales conducted thereon is restricted to between the time period of 12:00 P.M. through dusk and sales are restricted to between the time period of 4:00 P.M. through dusk where such sales would occur within 300 feet of a school or licensed day care facility for children;
- d. The License Holder shall obey applicable state and local traffic laws, vehicle registration requirements, and operator licenses;
- e. The License Holder shall comply with all other City Codes, including the City's regulations applicable to food sales (Ch. 58 of the Code) and peddlers (Ch. 78 of the Code);
- e. The License Holder shall be subject to paying the applicable fees and submitting information for the City to conduct a background investigation prior to peddling; and
- f. No sales are allowed on or from other property, public or private, without the express permission of the owner(s) of that property.

SECTION TWO. This Resolution and the authority granted hereby shall automatically expire and be revoked on January 1, 2012.

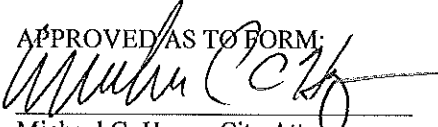
PASSED AND APPROVED ON this the _____ day of _____, A.D., 2011.

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Agenda Item:

(Staff)

- 4A. An ordinance amending Chapter 110, Article III "Water Management Plan" of the Code of Ordinances of the City of Kerrville, Texas, by amending stages one through three of water conservation measures to provide for a greater separation between days for authorized landscape watering; containing a cumulative clause; containing a savings and severability clause; providing a penalty for violation of any provision hereof; ordering publication; and providing other matters related to the subject.

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

SUBJECT: Second reading of an ordinance amending the days for landscape watering

FOR AGENDA OF: 6/14/11

DATE SUBMITTED: 5/27/11

SUBMITTED BY: Charlie Hastings *CH*
Public Works Director

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *TP*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The current watering schedule for odd addresses is Monday and Saturday, while that for even addresses is Tuesday and Sunday; both leave four days and 1 day between watering during a seven-day period. The proposed amended ordinance (attached) will allow for 3 and 2 days between watering during a seven-day period, with the added benefit of a day of rest for the water system every Monday.

RECOMMENDED ACTION

The Director of Public Works recommends that Council adopt the amended ordinance as presented.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2011-__

AN ORDINANCE AMENDING CHAPTER 110, ARTICLE III "WATER MANAGEMENT PLAN" OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY AMENDING STAGES ONE THROUGH THREE OF WATER CONSERVATION MEASURES TO PROVIDE FOR A GREATER SEPARATION BETWEEN DAYS FOR AUTHORIZED LANDSCAPE WATERING; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATION OF ANY PROVISION HEREOF; ORDERING PUBLICATION; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT

WHEREAS, as a public water supplier, state law requires the City to adopt, manage, and enforce a water conservation plan; and

WHEREAS, in order to comply with state law, the City Council has previously adopted Chapter 110, Article III, of the City's Code of Ordinances, which sets out the City's Water Management Plan; and

WHEREAS, the Water Management Plan establishes the City's policy with respect to procedures to be followed and measures to be implemented regarding the use and conservation of water resources within the City; and

WHEREAS, based upon comments from water customers and with direction from City Council, staff recommends amending the Water Management Plan by changing Stages 1 through 3 to provide for a greater separation between days authorized for landscape watering; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds that the amendments to the City's Water Management Plan are in the public interest and are necessary to protect the public health and safety;

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

SECTION ONE. Section 110-100 "Stage 1-Conservation measures." of the Code of Ordinances of the City of Kerrville, Texas, is amended by revising subsection (a)(1) by adding the language that is underlined in blue (added) and deleting the language that is bracketed and stricken in red (~~{deleted}~~) as follows:

“Sec. 110-100. Stage 1-Conservation measures.

(a) *Stage 1 conservation measures defined.* The following water conservation measures shall be in effect at 12:01 a.m. on the day following notice of the declaration of Stage 1-Moderate water conservation conditions:

- (1) Landscape watering with hose-end sprinklers or automatic irrigation systems is prohibited at all times except on the following days between the hours of 6:00 a.m. and 10:00 a.m. and between the hours of 8:00 p.m. and 12:00 a.m.:
 - a. On [~~Mondays~~] Tuesdays and Saturdays for street addresses whose last digit ends in an odd number; or
 - b. On [~~Tuesdays~~] Wednesdays and Sundays for street addresses whose last digit ends in an even number.”

SECTION TWO. Section 110-101 “Stage 2-Conservation measures.” of the Code of Ordinances of the City of Kerrville, Texas, is amended by revising subsection (a)(1) by adding the language that is underlined in blue (added) and deleting the language that is bracketed and stricken in red (~~{deleted}~~) as follows:

“Sec. 110-101. Stage 2-Conservation measures.

(a) *Stage 2 conservation measures defined.* The following water conservation measures shall be in effect at 12:01 a.m. on the day following notice of the declaration of Stage 2-Critical water conservation conditions:

- (1) Landscape watering with hose-end sprinklers or automatic irrigation systems is prohibited at all times except on the following days between the hours of 6:00 a.m. and 9:00 a.m. and between the hours of 8:00 p.m. and 10:00 p.m.:
 - a. On [~~Mondays~~] Tuesdays and Saturdays for street addresses whose last digit ends in an odd number; or
 - b. On [~~Tuesdays~~] Wednesdays and Sundays for street addresses whose last digit ends in an even number.”

SECTION THREE. Section 110-102 “Stage 3-Conservation measures.” of the Code of Ordinances of the City of Kerrville, Texas, is amended by revising subsection (a)(1) by adding the language that is underlined in blue (added) and deleting the language that is bracketed and stricken in red (~~{deleted}~~) as follows:

“Sec. 110-101. Stage 2-Conservation measures.

(a) *Stage 3 conservation measures defined.* The following water conservation measures shall be in effect at 12:01 a.m. on the day following notice of the declaration of Stage 3-Crucial water conservation conditions:

- (1) Landscape watering with hose-end sprinklers or automatic irrigation systems is prohibited at all times except on the following days between the hours of 6:00 a.m. and 9:00 a.m.:
 - a. On [~~Mondays~~] Tuesdays and Saturdays for street addresses whose last digit ends in an odd number; or
 - b. On [~~Tuesdays~~] Wednesdays and Sundays for street addresses whose last digit ends in an even number.”

SECTION FOUR. The City Secretary is authorized and directed to submit this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendments adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

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, including Ordinances 2004-04, 2007-12, and 2010-08; 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 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.

SECTION SEVEN. The penalty for violation of this Ordinance shall be in accordance with that general penalty provision contained in Chapter 1 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense.

SECTION EIGHT. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication.

SECTION NINE. In accordance with Section 3.07 of the City Charter, this Ordinance shall become effective from and after ten (10) days after publication of the caption of this Ordinance.

PASSED AND APPROVED ON FIRST READING, this the 24th day of May, A.D., 2011.

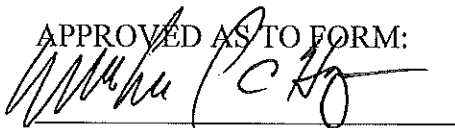
PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2011.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

T:\LEGAL\PUBLIC WORKS\WATER PRODUCTION\CONSERVATION-DROUGHT\WATER MANAGEMENT PLAN_AMEND WATERING DAYS FOR STAGES 1-3_051811.DOC

Agenda Item:
(Staff)

- 5A. An ordinance amending the budget for fiscal year 2011 to account for changes in the operating budget and the status of various capital improvement projects; and to amend other city funds to account for balances for approved purposes.

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

SUBJECT: First Reading of an Ordinance Amending the FY 2011 Budget

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 8, 2011

SUBMITTED BY: Mike Erwin  **CLEARANCES:** Todd Parton
Kristine Ondrias City Manager

EXHIBITS: Ordinance, Spreadsheet
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Staff requests to amend the FY 2011 City of Kerrville's budget to reflect the following changes to the Operating Budget and the opening, amendments and closures in the following Capital Improvement Programs.

Operating Budgets

Legal Services – Increase General Fund Legal Services \$100,000 by moving \$80,000 from contingency and \$20,000 from insurance.

EMS Grant – Increase EMS grant to reflect actual.

Recreation – Increase Recreation part time to reflect grant for part time staffing at the Cailloux Auditorium.

Police Special Programs – Recognize use of confiscated funds for training and equipment.

Library Memorial – Recognize revenue and expenditures related to Friends of the Library donation.

Grant Revenues – Recognize grant revenues received.

Insurance Reserves – Recognize reimbursements.

Capital Improvement Projects

Library Roof (L01) – The Library Roof project was originally funded through a SECO Federal Energy grant in the amount of \$86,365.00. Design and bidding of the project cost \$122,000 requiring additional funds in the amount of \$40,000 to be transferred from the Library Renovation Project (G95) to increase the project budget to \$126,365.00.

Butt-Holdsworth Memorial Library Renovation/Expansion (G95) – This project was originally funded in the amount of \$1,615,000.00. \$40,000 will be moved to the roof project. Additional funds have been granted for this project from the Peterson Foundation (\$150,000.00) and Charles Butt (\$500,000.00) bringing the total budget for the renovation/expansion to \$2,225,000.00.

Library Furniture Project (project number assigned when grant funds are received) – The Friends of the Library voted in May to grant up to \$200,000.00 towards the replacement of library furniture as part of the renovation and expansion. These funds are restricted to the replacement and addition of furniture at the library.

G Street Bridge (E05) – This project was completed in 2005 and the City received final accounting from TxDOT in June 2005. This will close this project from the CIP list.

Belt Filter Press (W63) – This project was completed in May 2011 and was funded with 2009 Water Sewer Bonds. A balance of \$16,448.67 will be transferred to the Highway 16 Utility Relocation project (W27) to fund TxDOT's request for final payment.

College Cove Tank Repaint (W83) – This project was completed in May 2011 and was funded with 2007 Water Sewer Bonds and Water Sewer Cash. A balance of \$3,001.00 of 2007 W/S Bond Funds will be transferred to the Highway 16 Utility Relocation project (W27) to fund TxDOT's request for final payment and the balance of \$100,000.00 of W/S Cash will be transferred to create a new project for Jefferson Lift Station and Force Main Preliminary Engineering.

High Service Pump at Clearwell (W53) – This amendment would close this project in lieu of completing a new transmission line for the River Hill/Ridgewood Storage Tank. A balance of \$88,938.03 (\$63,938.03 of 2009 W/S bonds and \$25,000.00 W/S Cash) remains. A transfer of the funds will be made to the Highway 16 Utility Relocation project (W27) to fund TxDOT's request for final.

Jefferson Lift Station and Force Main– Preliminary Engineering (project number assigned when funded) – This project is being created as a three step process to the larger CIP projects requiring land and easement acquisition. This project will be funded in the amount of \$100,000.00. The Preliminary Engineering will allow staff to determine necessary alignment, easement needs and then move into full design the following year. Jefferson Lift Station Design is slated for the FY12 Water Sewer Bond Sale with construction in FY13. This project will be funded through the closure and transfer of W/S Cash funds (\$100,000.00) from College Cove Tank Repaint project (W83).

River Hill/Ridgewood Storage Tank Transmission Line (project number assigned when funded) - This project is being created as a three step process to the larger CIP projects requiring land and easement acquisition. This project will be funded in the amount of \$100,000.00. The Preliminary Engineering will allow staff to determine necessary alignment, easement needs and then move into full design the following year. This project has been identified as a solution to multiple future CIP projects in the Water/Wastewater Master Plan to provide the needed capacity and the ability to fill the Ridgewood Elevated Storage Tank. This project will be included as part of the FY12 CIP for design and construction. This project will be funded through W/S Cash from the closure of the UTC Building Project (W85) (\$39,127.82), 2010 W/S Bond Funds (\$16,934.15) from the closure of the SH 27 Fire Flow Enhancement project (W91) and \$43,938.03 in Fund 71, W/S Capital Projects, fund balance.

UTC Building Project – Engineering (W85) – This amendment closes this project and leaves a balance of \$199,435.00 (Water/Sewer Cash). This project will not be able to be funded until FY14 due to other needed system projects as a result staff believes these funds will be better allocated to the needed system projects. A transfer of \$39,127.82 will be made to the River Hill/ Ridgewood Storage Tank Transmission Line project and the remaining \$160,307.18 will be transferred to three projects the Regional Water Planning Grant (\$100,000.00) and Regional Wastewater Planning Grant (\$54,245.21) available through the Texas Water Development Board and \$6,061.97 to the Highway 16 Utility project (W27).

Highway 16 Utility Relocation (W27) – This project was completed in 2006 and the City has now received final accounting from TxDOT with an outstanding bill of \$247,515.52. TxDOT's Funding Agreement calls for the final amount to be paid in 30 days of receipt of notification. Staff has requested detailed accounting and has indicated to TxDOT concerns over the final bill in relation to unapproved changes during the construction process. To date no detailed accounting has been received but staff would like to make funds available in the event the final accounting is received and is in order. This amendment will increase this project \$247,515.52 transferred from the following projects: \$16,448.67 from W63 Belt Filter Press closure, \$3,001.00 from W83 College Cove Tank Repaint, \$88,938.03 from W53 High Service Pump at Clearwell, \$133,065.85 from W91 SH27 Fire Flow Enhancement and \$6,061.97 from the UTC Building Project (W85).

SH 27 Fire Flow Enhancement (W91) – This amendment closes this project and transfers the balance of \$150,000.00 in 2010 Water/Sewer bonds to the following projects: \$133,065.85 – Highway 16 Utility Relocation (W27) and \$16,934.15 - River Hill/Ridgewood Storage Tank Transmission Line. Staff believes this project is no longer necessary as the needed information will be able to be included in the Regional Water Planning Grant Project.

Regional Water Planning Grant (project number to be assigned when funded) –

The Texas Water Development Board offers grants to political subdivisions of the State of Texas for studies and analyses to evaluate and determine the most feasible alternatives to meet regional water supply facility needs, estimate the costs associated with implementing feasible regional water supply and facility alternatives, and identify institutional arrangements to provide regional water supply and services for areas in Texas. This grant is a 50/50 local match and the project will be funded in the amount of \$100,000.00 for a maximum grant of \$200,000.00. This project will allow the city to evaluate the future of being a regional water supplier, the costs of being a regional provider and an updated CIP should the Council chose to be a regional provider. Funds in the amount of \$100,000.00 are being transferred from the closure of project W85 – UTC Building.

Regional Wastewater Planning Grant (project number to be assigned when funded) –

The Texas Water Development Board offers grants to political subdivisions of the State of Texas for studies and analyses to evaluate and determine the most feasible alternatives to meet regional wastewater facility needs, estimate the costs associated with implementing feasible regional wastewater facility alternatives, and identify institutional arrangements to provide regional wastewater services for areas in Texas. This grant is a 50/50 local match and the project will be funded in the amount of \$100,000.00 for a maximum grant of \$200,000.00. This project will allow the city to evaluate the future of being a regional wastewater provider, the costs of being a regional provider and an updated CIP should the Council chose to expand being a regional provider. Funds in the amount of \$54,245.12 are being transferred from the closure of project W85 – UTC Building and \$45,754.88 will be appropriated from Fund 71 fund balance.

RECOMMENDED ACTION

Staff recommends the City Council approve the first reading of an ordinance amending the FY 2011 budget and authorize staff to make all necessary entries and adjustments to reflect the attached changes.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2011-_____

AN ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2011 TO ACCOUNT FOR CHANGES IN THE OPERATING BUDGET AND THE STATUS OF VARIOUS CAPITAL IMPROVEMENT PROJECTS; AND TO AMEND OTHER CITY FUNDS TO ACCOUNT FOR BALANCES FOR APPROVED PURPOSES

WHEREAS, Ordinance No. 2010-19, dated September 28, 2010, adopted the Fiscal Year 2011 Budget; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds that amending the City's Fiscal Year 2011 Budget is in the best interest of the citizens of the City of Kerrville;

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

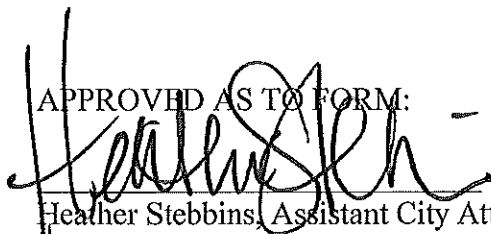
In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2011 shall be amended as set forth in **Exhibit A**.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2011.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2011.

David Wampler, Mayor

APPROVED AS TO FORM:


Heather Stebbins, Assistant City Attorney

ATTEST:

Brenda G. Craig, City Secretary

Budget Amendment 6/14/2011									
Name	FUNDS	Approved Budget	Amended Budget	Increase/(Decrease)	Reason				
City Attorney - Legal Services	01-803-305	\$15,000	\$115,000	\$100,000	CREZ, Outside Legal				
General Operations - Contingency	01-870-410	\$106,039	\$26,039	-\$80,000					
General Operations - Insurance	01-870-307	\$150,000	\$130,000	-\$20,000					
General Fund EMS - Grants/Donations	01-6530	\$10,000	\$12,571	\$2,571	EMS Grant				
EMS - Small Tools and Equipment	01-830-102	\$221,700	\$224,271	\$2,571	EMS Grant				
General Fund - Cailloux Foundation	01-6502	\$0	\$10,000	\$10,000	Cailloux Grant				
Recreation - Part-Time/Temp	01-856-003	\$7,200	\$17,200	\$10,000	Cailloux Grant				
Police - Special Programs - Professional Development	07-802-010	\$0	\$4,000	\$4,000	Use of Seizure Funds				
Police - Special Programs - Small Tools & Equipment	07-802-102	\$0	\$2,000	\$2,000	Use of Seizure Funds				
Library Memorial - Friends Contribution	15-6501	\$0	\$23,345	\$23,345	Recognize Friends of the Library Donation				
Library Memorial - Friends Books and Records	15-800-512-02	\$0	\$23,345	\$23,345	Recognize Friends of the Library Donation				
Grant Revenue - Lone Star Grant	85-6565	\$0	\$10,893	\$10,893	Recognize Grant Revenue				
Reimbursement - Vehicle/Equip	90-6904	\$0	\$11,000	\$11,000	Recognize Reimbursements				
Reimbursement - Building Structure	90-6905	\$0	\$16,000	\$16,000	Recognize Reimbursements				
Name	PROJECTS	Approved Budget	Amended Budget	Increase/(Decrease)	Reason				
Library Roof	L01	\$86,365	\$126,365	\$40,000	Increase Roof Project				
Library Renovation	New	\$1,615,000	\$1,575,000	-\$40,000	Move to L01				
Library Renovation	New	\$1,575,000	\$2,225,000	\$650,000	increase funding for project				
Library Furniture	New	\$0	\$200,000	\$200,000	Donation from Friends of the Library				
G Street Bridge	E05	N/A	N/A	N/A	CLOSE				
Belt Filter Press	W63	\$655,700	\$639,251	-\$16,448.67	move to W27				
College Cove Tank Repaint	W83	\$300,000	\$196,999	-\$103,001.00	move \$3,001 to W27 & move \$100,000 to Jefferson Lift Station & Force Main				
High Service Pump at Clearwell	W53	\$120,000	\$31,062	-\$88,938.03	\$88,938.03 to W27				
Jefferson Lift Station & Force Main	New	\$0	\$100,000	\$100,000.00	\$100,000 from W83				
River Hill/Ridgewood Storage Tank Transmission Line	New	\$0	\$100,000	\$100,000.00	\$39,127.82 from W85 & \$16,934.15 from W91				
					\$43,938.03 from Fund Balance				

Name	PROJECTS	Approved Budget	Amended Budget	Increase/(Decrease)	Reason
UTC Building Project	W85	\$215,000	\$15,565	-\$199,435.00	Close: \$39,127.82 to River Hill/Ridgewood
					\$100,000 to Regional Water Planning
					\$54,245.21 to Regional Wastewater Planning
					\$6,061.97 to W27
Highway 16 Utility Relocation	W27	\$1,797,584	\$2,045,100	\$247,515.52	\$16,448.67 from W63; \$3,001 from W83; \$88,938.03 from W53
					\$133,065.85 from W91; \$6061.97 from W85
SH27 Fire Flow Enhancement	W91	\$150,000	\$0	-\$150,000.00	\$133,065.85 to W27 & \$16,934.15 to
					River Hill/Ridgewood Storage Tank
Regional Water Planning Grant	New	\$0	\$100,000	\$100,000.00	\$100,000 from W85
Regional Wastewater Planning Grant	New	\$0	\$100,000	\$100,000.00	\$54,245.21 from W85 & \$45,754.79 from Fund Balance
				\$89,692.82	
				\$89,692.82	

Agenda Item:
(Staff)

- 6A. Elect a representative to the Alamo Area Council of Governments Board of Directors.

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

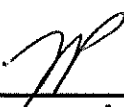
SUBJECT: Recommendation to Alamo Area Council of Governments

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 3, 2011

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: AACOG Ballot (Group C)

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Local governments organized AACOG as a regional planning commission in 1967 under Chapter 391, Local Government Code. Defined as a political subdivision of the state, AACOG can plan, assist local governments, and deliver public services, but has no power to tax or to regulate. State law requires that the governmental body of AACOG be composed primarily of local government officials. Former Mayor Pro Tem Bruce Motheral's seat is currently vacant and the attached ballot lists all eligible replacements for Group C, consisting of Bandera, Gillespie, Kendall and Kerr Counties. The City of Kerrville currently attends the monthly meetings.

RECOMMENDED ACTION

It is recommended that the City Council elect a representative from the attached ballot.

Memorandum



TO: Member Cities in the Counties of Bandera, Gillespie,
Kendall and Kerr

FROM: Dean J. Danos, Interim Executive Director

DATE: June 1, 2010

SUBJECT: Member Cities (Group C) Election to AACOG Board of Directors

Currently there is a vacancy in the category of Member Cities (Group C) on the AACOG Board of Directors. The following individuals are eligible for election to the AACOG Board of Directors for a two year term. Please indicate below the person you would like elected into this position.

Please check one below:

_____ Mayor Horst Pallaske, City of Bandera

_____ Mayor Tom Musselman, City of Fredericksburg

_____ Mayor David Wampler, City of Kerrville

_____ Mayor Mike Schultz, City of Boerne

Signature of Person Making Nomination

Print Name

Date

Please fax back to 210-824-4576 by Friday, June 10, 2011.

If you have any questions, please give me a call at 210-362-5201.

Agenda Item:
(Staff)

- 6B. Hotel occupancy tax funding request procedure and business expansion plan.

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

SUBJECT: Hotel Occupancy Tax Funding Request Procedure and Business Expansion Discussion

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 7, 2011

SUBMITTED BY: Mindy N. Wendele **CLEARANCES:** Todd Parton
Director of Business Programs City Manager

EXHIBITS: 1. CVB/City Staff Meeting Notes – June 6, 2011
2. CVB Monthly Report – May 6, 2011
3. Market Segments Study
4. Historical HOT Collections by Fiscal Year – FY1977 to FY2010
5. Funding Application – Hotel Occupancy Tax

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

During the May 24, 2011 city council meeting hotel occupancy tax request procedures and disbursement was discussed. Staff asked members of council to provide direction on the current process and any changes they envision for the upcoming budget development.

Staff was directed to meet with Sudie Burditt, executive director of the Kerrville Convention and Visitors Bureau, to discuss ways to update and refine data dissemination for a better understanding of the tourism impact to our community. In addition, staff was instructed to explore options for special event enhancements and to review of the current application and suggest possible modifications as needed.

On June 6, 2011, City Manager Todd Parton and Business Programs Director Mindy Wendele met with Sudie Burditt and based on the discussion staff will present two topics for consideration. Those would be amending the existing HOT application form and a proposal of a business expansion concept for our tourism industry. Exhibit 1 contains the meeting notes from June 6 and outlines a strategy for HOT fund use.

CVB's May 6, 2011 monthly report and a copy of the last CVB quarterly report have

been attached as Exhibit 2 to show the type of data routinely submitted to the city. One of the key concepts discussed was whether existing or additional information could be presented in a way to better describe tourism activities and the results of HOT fund expenditures. The meeting notes describe the information being proposed to help enhance routine quarterly reports.

The CVB is also tracks all of its convention and visitor activity events. Exhibit 3 shows those events by "Market Segment" for 2006 through 2010. This data shows the total number of activities broken down by type and shows the number of room nights attributed to each type of event. Our major market sector is the SMERF (Social, Military, Education, Religious, and Fraternal) sector that traditionally accounts for 50% of the business. Sports/Special Events routinely accounts for approximately 6% of the business.

Exhibit 4 shows historical HOT collections since its inception in FY1977. The revenue source has grown steadily over that time. FY2008, FY2009 and FY2010 represent the only period of time where sustained, significant decreases in HOT revenues have occurred. FY1985 showed a 47% jump in HOT revenues and coincides with the opening of the La Quinta Inn. The next significant jump occurred during the FY2004 to FY2006 periods and coincides with the opening of the Holiday Inn Express and the increase in the rate from 6% to 7%. This data provides a partial basis to evaluate the true impact of additional venues for the community and is one indicator used to contemplate the tourism expansion concepts included in the tourism business expansion concept.

Exhibit 5 shows the revised HOT application form. It reflects those changes shown in the meeting notes and has been distributed to the potential applicants. The deadline for these applications will be July 15, 2011. The significant change to the application is specific detailing on the room nights created within the City of Kerrville.

RECOMMENDED ACTION

Staff recommends that the City Council provide direction concerning HOT Fund application procedure, data dissemination and business expansion concept.

Exhibit 1
CVB/City Staff Meeting Notes – June 6, 2011

Discussion topics from the meeting have been organized into two topics:

1. Amending the existing HOT application form, and
2. Proposing a business expansion concept for our tourism industry.

1. Amending the Existing HOT application form

- a. We need to ensure that HOT funds are going to applicants who actually provide a substantial impact to hoteliers within the City of Kerrville
- b. Add applicants to verify the following information on the application:
 - i. Total number of room nights created by the event/organization,
 - ii. That portion of the number of room nights created within the City of Kerrville for entities that collect the HOT revenues,
 - iii. That portion of the number of room nights created within the City of Kerrville for entities that do not collect the HOT revenues, and
 - iv. That portion of the number of room nights that are comped – i.e. those room nights for acts.
- c. We need to amend the application and get it circulated with the application deadline to be the third week of July.

2. Tourism Industry Business Expansion

- a. Concentrate on special events.
 - i. Establish a “sponsorship kitty” to create a cash reserve to be used as a grant to help cover expenses to support new special events. This is predicated on the limited opportunities for existing major corporate sponsors within the City of Kerrville.
 - ii. Hire an individual to work for the CVB to concentrate on creating additional special events.
 - iii. Identify special event opportunities that work within the City’s existing venues – i.e. runs, bicycle events, triathalons, motorcycle rides, fly ins.
 - iv. Create a longer-term plan to generate new venues for special events – i.e. new hotel, sports facilities, etc.
- b. Establish a program that pays for itself within 4 years.

Also discussed was a restructured report provided by the CVB on a quarterly basis. The information to be included on a quarterly basis should include:

1. Number of Hotel Nights (currently provided each month)
2. HOT Revenues (new information)
3. General Sales Tax Revenues (new information)
4. Recap of Number of Events by Type (detail currently provided each month)
 - a. Association
 - b. Government
 - c. Special Events
5. Recap of Average Size of Conventions, Conferences and Special Events
6. Duration of Events

Exhibit 2
CVB Monthly Report – May 6, 2011



TO: Mayor & City Council Members
FROM: Sudie Burditt, 792-3535
SUBJECT: Kerrville CVB Reports
DATE: May 6, 2011

YOUR PACKET INCLUDES:

- ♦ April 2011 Financial Report
- ♦ April 2011 Advertising Results
- ♦ April 2011 Origin of USA Visitors
- ♦ April 2011 Origin of International Visitors

APRIL ADVERTISING INCLUDES:

- ♦ www.allacrosstexas.com
- ♦ www.destinationtexas.com
- ♦ www.go-texas.net
- ♦ [Heritage Travel/www.gozaic.com](http://HeritageTravel/www.gozaic.com)
- ♦ www.hillcountryoftexas.cc
- ♦ www.hill-country-visitor.com
- ♦ www.kerrvilletexascvb.com
- ♦ www.texasoutside.com
- ♦ www.textraveler.com
- ♦ www.tourtexas.com
- ♦ www.TravelTex.com
- ♦ www.txhillcountrytrail.com
- ♦ Air Tran/ Go Magazine
- ♦ America's Best Vacation
- ♦ Good Housekeeping
- ♦ Ladies Home Journal
- ♦ MPG
- ♦ Midwest Today
- ♦ Midwest Living
- ♦ People Magazine
- ♦ SA Express –Summer Fun Guide
- ♦ Southern Living
- ♦ Telephone Directory
- ♦ Texas Events
- ♦ Texas Highways
- ♦ Texas Monthly
- ♦ Texas State Travel Guide
- ♦ Vacations

cc: Todd Parton
Mike Erwin
Sandra Yarbrough
Mindy Wendele

Lose your heart to the hills.

Kerrville Convention & Visitors Bureau
2108 Sidney Baker • Kerrville, Texas 78028
830 792-3535 • Fax 830 792-3230 • www.kerrvilletexascvb.com • email: info@kerrvilletexascvb.com

Kerrville Convention & Visitors Bureau
Budget- Year to Date
October 2010 through April 2011

	<u>Oct '10 - Apr 11</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Hotel/Motel Tax	362,500.00	422,916.65	(60,416.65)	85.7%
Interest	1,288.22			
Total Income	363,788.22	422,916.65	(59,128.43)	86.0%
Expense				
A- Admin Postage	0.00	210.00	(210.00)	0.0%
A- Audit & IRS Filing	3,204.77	1,720.85	1,483.92	186.2%
A- Building Office Supp & Equip	699.80	1,108.35	(408.55)	63.1%
A- Insurance	1,976.15	1,694.60	281.55	116.6%
A- Office	11,957.36	11,747.75	209.61	101.8%
A- Payroll	76,501.20	92,750.00	(16,248.80)	82.5%
A- Payroll Taxes/Benefits	18,518.23	21,160.40	(2,642.17)	87.5%
A- Phone Serv/Equip/Repair/Syst	1,458.34	1,458.35	(0.01)	100.0%
A- Property Taxes	514.45	298.10	216.35	172.6%
C- Capital Improvements	0.00	291.65	(291.65)	0.0%
C- VC Payroll	21,710.21	25,958.35	(4,248.14)	83.6%
C- VC Payroll Taxes/Benefits	2,741.47	3,593.35	(851.88)	76.3%
C- VC Supp/Equip/Expenses	320.38	1,750.00	(1,429.62)	18.3%
C- VC Temps & Vol Apprec.	1,022.73	875.00	147.73	116.9%
C- Visitor Center	11,760.04	11,747.75	12.29	100.1%
P- Advertising- Internet Media	8,344.00	7,583.35	760.65	110.0%
P- Advertising- Printed Media	73,496.90	78,849.75	(5,352.85)	93.2%
P- Advertising Production Cost	3,600.00	6,416.65	(2,816.65)	56.1%
P- Advertising Response Exp	6,296.60	15,391.25	(9,094.65)	40.9%
P- Brochure Prnt, Pub & Reprod	13,886.55	23,791.25	(9,904.70)	58.4%
P- Conv Reg/Supp/Hosp	1,359.60	9,872.90	(8,513.30)	13.8%
P- Industry Dues & Subscription	1,158.40	2,377.10	(1,218.70)	48.7%
P- Internet Mktg	869.56	2,237.10	(1,367.54)	38.9%
P- K'Schreiner & Scott Schreiner	14,551.92	12,833.35	1,718.57	113.4%
P- Publicity, PR & Audio Visual	769.60	8,400.00	(7,630.40)	9.2%
P- Research Study	0.00	2,916.65	(2,916.65)	0.0%
P- Sales & Service Pay Tax/Ben	11,166.84	12,037.10	(870.26)	92.8%
P- Sales & Service Payroll	32,639.69	31,747.90	891.79	102.8%
P- Sales Consumer & Local	7,721.57	8,478.75	(757.18)	91.1%
P- Sales Convention & Group	9,905.29	15,974.60	(6,069.31)	62.0%
P- Sales Tour Bus	1,115.00	641.65	473.35	173.8%
P- Special Events Promotions	1,450.00	6,565.40	(5,115.40)	22.1%
P- WATS Line	358.07	437.50	(79.43)	81.8%
Total Expense	341,074.72	422,916.75	(81,842.03)	80.6%

Origin of Walk in USA Visitors
January - December 2011

[illegible]

January - December 2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Africa													0
Argentina													0
Austria	2	5											7
Australia				2									2
Bahamas													0
Belgium			2										2
Brazil													0
Canada	27	33	78	37									175
China													0
Columbia		2											2
Costa Rica													0
Denmark			2										2
Dom. Republic													0
England		2											2
Estonia													0
Finland													0
France													0
Germany		2	2	9									13
Great Britian			2										2
Greece													0
Guatemala													0
Holland				2									2
Hungary													0
Iceland													0
India													0
Ireland				9									9
Israel													0
Italy		2											2
Japan													0
Jamalca													0
Korea													0
Malaysia													0
Mexico				5									5
Netherland			1										1
New Zealand													0
Norway		5											5
Panama													0
Poland													0
Portugat	2		1	2									5
Puerto Rico													0
Romania													0
Russia	2			6									8
Scotland													0
Slovenia													0
Spain													0
South Africa													0
Sweden													0
Switzerland	1			4									5
Taiwan													0
Thailand													0
Un. Arab Em.													0
United Kingdom	13		3	4									20
Venezuela													0
Virgin Isl.													0
Yemen													0
Yugoslavia													0
Other	2	4											6
International Total	49	55	91	80	0	0	0	0	0	0	0	0	275
USA Total	794	826	1606	1150									4376
GRAND TOTAL	843	881	1697	1230	0	0	0	0	0	0	0	0	4651

KERRVILLE CONVENTION VISITORS BUREAU PAID ADVERTISING RESULTS OCT 2010-SEPT 2011

CONSUMER	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL INQS	TOTAL COST	PER INQ COST
AUDUBON	38	60	67	25	11	10	4						201	N/A	N/A
BETTER HOMES & GARDENS	1	0	0	0	0	0	0						1	N/A	N/A
FAMILY CIRCLE	0	0	6	0	0	0	42						48	2,024.00	42.17
GOOD HOUSEKEEPING	28	20	15	4	8	555	286						916	5,600.00	6.11
LADIES HOME JOURNAL	4	1	0	1	0	0	346						352	2,333.00	6.63
MIDWEST LIVING	74	141	92	114	201	84	648						1,354	8,000.00	5.91
MORE	0	0	0	0	0	0	0						0	696.00	0.00
PARENTS	0	0	0	0	0	0	2						2	1,090.00	545.00
PEOPLE	0	0	0	0	0	0	0						0	3,500.00	0.00
RIDE TEXAS	0	0	0	0	0	0	0						0	1,165.00	0.00
SAN ANTONIO VISITOR'S GUIDE	11	11	3	4	11	18	0						58	N/A	N/A
SAN ANTONIO MAP	2	7	1	2	3	1	0						16	N/A	N/A
SOUTHERN LIVING	499	207	104	350	794	638	712						3,304	26,410.00	7.99
TEXAS HILL COUNTRY MAGAZINE	0	8	0	1	0	0	1						10	N/A	N/A
TEXAS HIGHWAYS	113	70	113	23	85	217	115						736	17,504.00	23.78
TEXAS MONTHLY	23	1	0	11	14	211	57						317	20,320.00	64.10
TEXAS PARKS & WILDLIFE	0	0	0	0	9	0	0						9	N/A	N/A
TEXAS ST TRAVEL GUIDE	85	68	97	39	46	136	146						617	6,212.00	10.07
TRAILER LIFE	1	1	4	0	0	0	0						6	N/A	N/A
TRAVEL 50	391	252	55	1	211	87	167						1,164	3,480.00	2.99
TTIA FILE FOLDER	2	8	8	8	22	8	11						67	450.00	6.72
TX Co-op Power (march '08)	0	0	0	0	0	1	0						1	N/A	N/A
VACATIONS	473	336	122	41	242	118	275						1,607	6,732.00	4.19
WOODALL'S	0	1	0	1	8	17	0						27	N/A	N/A
SUB TOTALS	1,745	1,192	687	625	1,665	2,091	2,790	0	0	0	0	0	10,813	105,516	9.76

CONSUMER	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL INQS	TOTAL COST	PER INQ COST
AMERICA'S BEST VACATIONS	0	0	0	0	0	0	0						0	6,595	0.00
AUSTIN AMERICAN STATESMAN GET OUTTA TOWN	0	0	0	0	0	0	0						0	1,240	0.00
SA EXPRESS -ARTS COOP	1	0	0	0	0	0	2						3	N/A	N/A
SUB TOTALS	1	0	0	0	0	0	2	0	0	0	0	0	3	7,835	2,611.67

KERRVILLE CONVENTION VISITORS BUREAU PAID ADVERTISING RESULTS OCT 2010-SEPT 2011

CONVENTION	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL INQS	TOTAL COST	PER INQ COST
MPG	0	0	1	0	0	1	0						2	2,180.00	1,090.00
SUB TOTALS	0	0	1	0	0	1	0	0	0	0	0	0	2	2,180	1,090.00

TOTALS	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
CONSUMER TOTAL	1,745	1,192	687	625	1,665	2,091	2,790	0	0	0	0	0	10,795
NEWSPAPER TOTAL	1	0	0	0	0	0	2	0	0	0	0	0	3
CONVENTION TOTAL	0	0	1	0	0	1	0	0	0	0	0	0	2
SUB TOTAL	1,746	1,192	688	625	1,665	2,091	2,792	0	0	0	0	0	10,799

INTERNET	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL INQS	TOTAL COST	PER INQ COST
ALL ACROSS TEXAS	20	5	5	3	9	12	0						54	799.00	14.80
DESTINATIONTEXAS.CC	0	0	0	0	0	0	0						0	0.00	0.00
HILL COUNTRY OF TEXAS.CC	11	17	16	37	55	57	0						193	0.00	0.00
HERITAGE TRAVEL	0	0	0	0	0	0	0						0	1,375.00	0.00
GO-TEXAS.NET	78	49	52	126	73	8	43						429	1,295.00	3.02
HILL- COUNTRY-VISITOR.COM	24	24	17	12	15	39	0						131	1,285.00	9.81
TEXTRAVELER.COM	17	12	3	0	0	19	0						51	4,240.00	83.14
TEXAS OUTSIDE	43	0	3	0	0	46	0						92	300.00	3.26
TRAVEL TEX.COM	0	0	0	0	0	0	0						0	0.00	0.00
TRIPADVISOR.COM	2	0	2	0	0	0	0						4	0.00	0.00
TRIPINFO.COM	1	0	1	0	0	3	0						5	0.00	0.00
TOURTEXAS.COM	227	141	151	250	404	181	397						1,751	1,960.00	1.12
SUBTOTALS	423	248	250	428	556	365	440	0	0	0	0	0	2,710	11,254.00	4.15

Exhibit 3
Market Segments Study

MARKET SEGMENTS SUMMARY

2006

TOTALS:

SMERF	237	19,788
Association	133	3,252
Corporation	43	803
Government	14	6,046
Sports/Special Events	<u>28</u>	<u>18,058</u>
	455	47,947

PERCENTAGES:

SMERF	52%
Association	29%
Corporation	10%
Government	3%
Sports/Special Events	<u>6%</u>
	100%

2007

TOTALS:

SMERF	213	21,881
Association	107	14,404
Corporation	47	3,701
Government	20	2,086
Sports/Special Events	<u>25</u>	<u>2,245</u>
	412	44,317

PERCENTAGES:

SMERF	52%
Association	26%
Corporation	11%
Government	5%
Sports/Special Events	<u>6%</u>
	100%

2008

TOTALS:

SMERF	228	18,109
Association	108	16,276
Corporation	42	4,001
Government	7	747
Sports/Special Events	<u>47</u>	<u>6,115</u>
	432	45,248

PERCENTAGES:

SMERF	55%
Association	25%
Corporation	9%
Government	2%
Sports/Special Events	<u>11%</u>
	100%

2009

TOTALS:

SMERF	210	16,020
Association	116	14,555
Corporation	40	3,671
Government	20	2,020
Sports/Special Events	<u>19</u>	<u>2,724</u>
	405	38,990

PERCENTAGES:

SMERF	52%
Association	29%
Corporation	10%
Government	5%
Sports/Special Events	<u>4%</u>
	100%

2010

TOTALS:

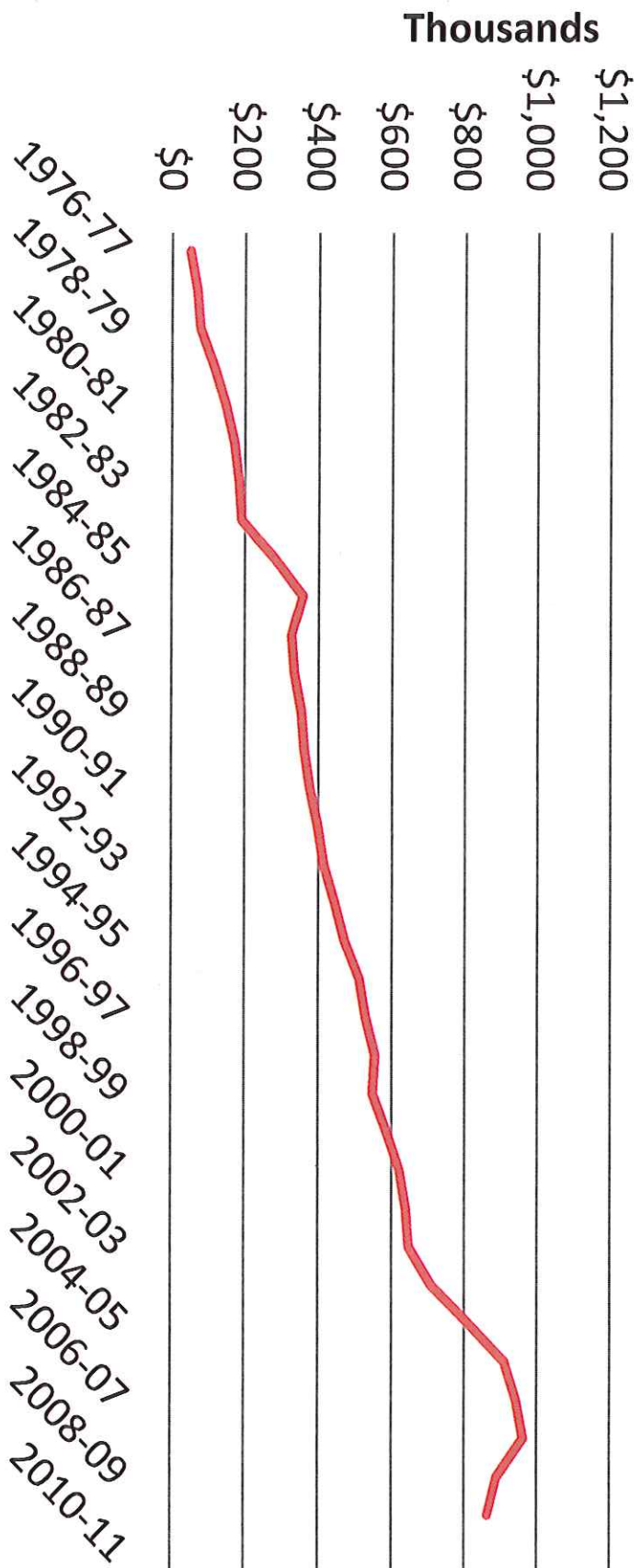
SMERF	189	13,763
Association	118	12,732
Corporation	27	1,110
Government	15	1,780
Sports/Special Events	<u>23</u>	<u>6,060</u>
	372	35,445

PERCENTAGES:

SMERF	51%
Association	32%
Corporation	7%
Government	4%
Sports/Special Events	<u>6%</u>
	100%

Exhibit 4
Historical HOT Collections by Fiscal Year – FY1977 to FY2010

HOT Taxes Collected FY1977 to FY2010



KERRVILLE CONVENTION & VISITORS BUREAU

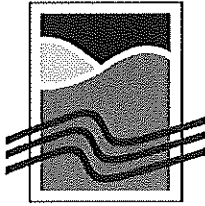
City Occupancy Tax Collections by Year

YEAR	TAX PAID	% VARIATION***	CVB BUDGET	% OF TOTAL
1976-77	50,740.00		0.00	0%
1977-78	69,459.00	36.89%	60,000.00	86.38%
1978-79	77,910.00	12.17%	65,000.00	83.43%
1979-80	115,377.00	48.09%	60,000.00	52.00%
1980-81	146,239.00	26.75%	80,000.00	54.70%
1981-82	170,574.00	16.64%	98,950.00	58.01%
1982-83	182,759.00	7.14%	128,000.00	70.04%
1983-84	190,240.00	4.09%	136,600.00	71.80%
1984-85	279,848.00	47.10%	165,000.00	58.96%
1985-86	357,696.00	27.82%	190,800.00	53.34%
1986-87	326,808.00	-8.64%	230,000.00	70.38%
1987-88	334,412.00	2.33%	255,000.00	76.25%
1988-89	353,807.00	5.80%	250,000.00	70.66%
1989-90	361,949.00	2.30%	310,000.00	85.65%
1990-91	376,763.00	4.09%	319,500.00	84.80%
1991-92	398,381.00	5.74%	338,852.00	85.06%
1992-93	414,144.00	3.96%	352,776.00	85.18%
1993-94	443,856.00	7.17%	362,346.60	81.64%
1994-95	469,977.00	5.89%	370,112.00	78.75%
1995-96	511,637.00	8.86%	438,787.80	85.76%
1996-97	528,878.00	3.37%	457,000.00	86.41%
1997-98	554,180.00	4.78%	457,000.00	82.46%
1998-99	547,972.00	-1.12%	485,050.00	88.52%
1999-00	586,535.00	7.04%	456,014.00	77.75%
2000-01	621,748.00	6.00%	479,047.00	77.05%
2001-02	639,915.00	2.92%	534,910.00	83.59%
2002-03	647,960.00	1.26%	561,075.00	86.59%
2003-04	709,624.00	9.52%	579,738.00	81.70%
2004-05	811,682.00	14.38%	594,650.00	73.26%
2005-06	910,725.00	12.20%	626,277.00	68.77%
2006-07	943,102.00	3.56%	685,400.00	72.68%
2007-08	962,315.00	2.04%	734,670.00	76.34%
2008-09	890,570.06	-7.46%	798,025.00	89.61%
2009-10	864,012.58	-2.98%	750,000.00	86.80%
2010-11			725,000.00	

Projected numbers *Compared to prior year

NOTE: The hotel/motel occupancy tax increased from 5% to 6% in January 1986. It increased from 6% to 7% in January 2005.

Exhibit 5
Funding Application – Hotel Occupancy Tax



City of Kerrville

1

Funding Application – Hotel Occupancy Tax FY 2012

Instruction

Thank you for your interest in promoting tourism and the hotel industry in the City of Kerrville through your utilization of the City's Hotel Occupancy Tax (HOT) funds. The use of HOT fund is limited to the direct enhancement and promotion of tourism AND the convention and hotel industry.

To determine eligibility:

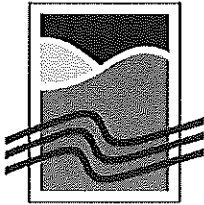
- I. Does your Event/Project/Program directly enhance and promote tourism in the City of Kerrville AND directly promote the overnight accommodation industry in Kerrville by contributing to overnight stay? _____ Yes _____ No
- II. Does your Event/Project/Program limit the use of HOT funds to one or more of the following categories: (1) Convention center facilities or visitor information centers; (2) Registration of convention delegates; (3) Advertising and conducting solicitations/promotional programs to attract tourists and convention delegates to the City; (4) Promotion of the arts; and (5) Historical preservation projects or activities. _____ Yes _____ No

If the answer to either one of the above two questions is no then you may not be eligible for HOT funds.

Application instructions and requirements:

- I. All applicants must submit the following forms:
 - I. Application Form – General Information
 - II. Detail Form
 - III. Applicant Certification – MUST BE SIGNED
 - IV. Please submit (1) electronic and (1) paper application to the following address:
 - I. Address:
Mike Erwin
City of Kerrville
800 Junction Hwy
Kerrville, TX 78028

Email: Mike.Erwin@kerrvilletx.gov
- II. Deadline for Submission is July 15, 2011.
- III. Required attachments:
 - Most recent copy of IRS form 990. If your organization is not required to file IRS Form 990 then attach a copy of your last fiscal year's financial statements.
 - Names and addresses of current Officers and Directors.
 - Copy of 501(c)(3) letter from Internal Revenue Service.
 - Detail Marketing Plan.



City of Kerrville
Funding Application – Hotel Occupancy Tax
FY 2012 Application Form

2

General Information

Date: _____

Applicant/Organization Name: _____

Mailing Address: _____

Telephone: _____ Email: _____

Contact Name: _____

Total Budget for Events/Projects/Programs: _____

Funds Requested from HOT Fund: _____

Project Title: _____

Project Description: _____

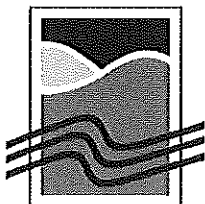
Summary of how requested funds will be utilized: _____

Your organization is :

☐ Not for Profit

☐ For Profit

Federal Tax ID Number: _____



City of Kerrville

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Funding Application – Hotel Occupancy Tax

FY 2012 Detailed Form

Events/Projects/Programs Details:

Applicant/Organization Name: _____

What are the dates of the events/projects/programs: _____

How many years has this event been held in Kerrville? _____

How many years has this event received HOT funding from Kerrville? _____

What is the projected attendance? _____

What percentage of attendees will use Hotels and/or Motels in Kerrville? _____

On average, how many nights will they stay? _____

How many hotel/motel rooms have been or will be blocked for this event? _____

At which entities/hotel/motels? (Use attachments if more space needed)

Please list any other organization, businesses, government entities, or grants that have offered financial support to your events/projects/programs. (Use attachments if more space needed)

Have you received private financial sponsorship? _____ Yes _____ No

Check each category(s) that apply to your funding request:

☐ Historic Preservation

☐ Promotion of the Arts

☐ Enhancement of Tourism

☐ Promote Overnight Stay

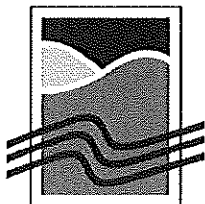
☐ Costs Associated with Visitor Center Information Operation

For the following listed years, please provide the amount of HOT funding received, number of actual attendees, and actual number hotel nights in Kerrville generated by the event:

Year: 2011 Amount: _____ Attendees: _____ Hotel Nights: _____

Year: 2010 Amount: _____ Attendees: _____ Hotel Nights: _____

Year: 2009 Amount: _____ Attendees: _____ Hotel Nights: _____



City of Kerrville

4

Funding Application – Hotel Occupancy Tax

FY 2012 Detailed Form

Events/Projects/Programs Details:

Applicant/Organization Name: _____

Please provide specific line item accounting description of exact use of funds being request:
Total should match amount being requested. (Use attachments if more space needed)

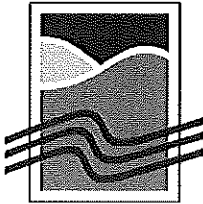
Amount:	Line Item:
_____	_____
_____	_____
_____	_____
_____	Total

Please describe how your events/projects/programs directly promote tourism and overnight accommodations in the City of Kerrville. Please include a detailed marketing/advertising plan on how you will achieve your stated promotional goal(s). (Use attachments if more space needed)

Please describe the tracking process you use to determine and to verify the total number of attendees for your event and the number of attendees using overnight rooms in the City of Kerrville. (Use attachments if more space needed)

Please provide the following information as related to your event/projects/program:

	Example	FY2012 (Expected)	FY2011 (Actual)	FY2010 (Actual)	FY2009 (Actual)
Number of room nights that are "Comped" in the City of Kerrville	5				
Number of room nights by entities that DO NOT collect HOT Revenues in the City of Kerrville	15				
Number of Room nights by entities that DO collect HOT revenues in the City of Kerrville	70				
Number of room nights created outside the City of Kerrville	10				
Total number of room nights created by events	100				



City of Kerrville

5

Funding Application – Hotel Occupancy Tax

2012 Detailed Form

Applicant Certification

Applicant/Organization Name: _____

By signing this application,

1. I/We have full authority to execute this application on behalf of my/our organization.
2. I/We agree to any funds received from the Hotel Occupancy Tax money will be used solely for the event/project/programs described.
3. I/We and my/our organization will, within 60 days following the date of my/our project/event, provide a complete and detailed accounting, attendee counts, and room nights count to the City of Kerrville.
4. I/We, on behalf of our organization, hereby agree to indemnify the City of Kerrville from any liability arising out of the disbursement and use of HOT fund, including, but not limited to any cause of accidents or claims arising from the event/program/project made possible or partially possible by the HOT funds.

I/We hereby certify that all figures, facts and representation made in this application, including any attachments, are true and correct to the best of our knowledge.

Name (Print): _____ Name (Print): _____

Title: _____ Title: _____

Signature: _____ Signature: _____

Date Signed: _____ Date Signed: _____

Agenda Item:
(Staff)

- 6C. A resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2012 budget. A resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2012 budget.

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

SUBJECT: Resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2012 budget.

FOR AGENDA OF: June 14, 2011

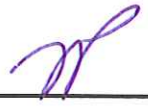
DATE SUBMITTED: June 8, 2011

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution, FY 2012 Budget

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Kerr Central Appraisal District has submitted its FY 2012 Proposed Budget for approval by the Kerrville City Council. The FY 2012 budget is \$857,666, which is \$5,881 or 0.68% less than FY 2011. The decreases included salaries and debt service with increases in employee medical insurance. The City of Kerrville's estimated allocation for the FY 2012 budget is \$121,701 which is \$970 less than FY 2011.

RECOMMENDED ACTION

The Director of Finance recommends approval of the FY2012 Kerr Central Appraisal District budget.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. -2011**

**A RESOLUTION PROVIDING FOR THE CITY'S APPROVAL OR
DISAPPROVAL OF THE KERR CENTRAL APPRAISAL DISTRICT'S
FISCAL YEAR 2012 BUDGET**

WHEREAS, the Kerr Central Appraisal District ("KCAD") submitted its proposed fiscal year 2012 budget to the City Council for consideration; and

WHEREAS, pursuant to state law, the City Council must consider KCAD's budget and in the event Council does not approve, it must indicate this action via a resolution; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to either approve or disapprove of said proposed budget as is indicated below;

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

The Kerr Central Appraisal District's proposed fiscal year 2011 budget, as set forth in **Exhibit A**, is _____ (APPROVED OR DISAPPROVED).

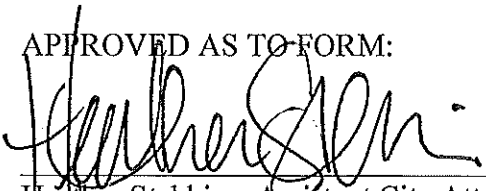
PASSED AND APPROVED ON this the _____ day of _____, A.D., 2011.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Heather Stebbins, Assistant City Attorney

KERR CENTRAL APPRAISAL DISTRICT
P.O. BOX 294387
1836 JUNCTION HIGHWAY
KERRVILLE, TEXAS 78029

Date: June 6, 2011

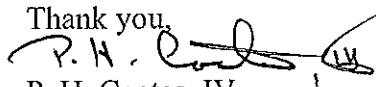
Re: Kerr CAD 2012 Proposed Budget & Hearing and 2011 Preliminary Values

To: Taxing Entities Served by Kerr CAD

Message: Enclosed is a copy of the Proposed 2012 Kerr CAD Budget. The KCAD Board of Directors have set Thursday, June 23rd at 2 P.M. for the Public Hearing for the Budget. The Budget Hearing will be held at the Kerr CAD Office at 1836 Junction Highway in Kerrville, Texas.

I have also included the most recent Preliminary Values for your entity. Friday the 11th of June is the deadline for most taxpayers to protest so there may be some additional reductions in value due to the Appraisal Review Board process.

Thank you,


P. H. Coates, IV
Chief Appraiser

PHONE 830-895-5223
FAX 830-895-5227

2012 Proposed Budget

Kerr Central Appraisal District
P.O. Box 294387
1836 Junction Highway
Kerrville, TX 78029-1885
(830) 895-5223

BOARD MEMBERS

Kirk Griffin, Chairman
Charles Lewis, Vice Chair
William H. "Hank" Moody, Secretary
Ray Orr
Mark Bigott
Diane Bolin, CTAC

P. H. Coates, IV
Chief Appraiser

Sharon E. Capeheart
Deputy Chief

Expenditures Per Line Item Comparison

<u>Line</u>	<u>Item</u>	<u>2011</u>	<u>2012</u>	<u>\$ Diff</u>	<u>% Diff</u>	<u>% Total</u>
5006	Salaries	\$497,698	\$495,448	(\$2,250)	-0.45%	57.8%
5010	Employer Portion of Retire.	\$41,296	\$41,116	(\$180)	-0.44%	4.8%
5012	Medicare Insurance	\$7,217	\$7,186	(\$31)	-0.43%	0.8%
5015	Employee Medical Insurance	\$85,991	\$94,608	\$8,617	10.02%	11.0%
5016	TX Employment Commiss.	\$2,970	\$2,970	\$0	0.00%	0.3%
5017	Disability Insurance	\$8,000	\$8,000	\$0	0.00%	0.9%
5030	Appraisal Review Board	\$12,500	\$12,500	\$0	0.00%	1.5%
5034	Vehicle Replace. Reserve	\$8,000	\$8,000	\$0	0.00%	0.9%
5035	Travel & Mileage & Maint.	\$15,000	\$15,000	\$0	0.00%	1.7%
5040	Annual Audit	\$5,450	\$5,450	\$0	0.00%	0.6%
5045	Mapping Expense	\$11,093	\$11,093	\$0	0.00%	1.3%
5055	Debt Service - Building	\$8,832	\$0	(\$8,832)	-100%	0.0%
5060	Deed Copies	\$1,000	\$1,000	\$0	0.00%	0.1%
5070	Leased Equipment	\$5,688	\$5,688	\$0	0.00%	0.7%
5075	Telephone	\$7,400	\$7,400	\$0	0.00%	0.9%
5080	Utilities	\$9,000	\$9,000	\$0	0.00%	1.0%
5085	Grounds & Building Maint.	\$3,750	\$4,050	\$300	8.00%	0.5%
5090	Consultant - Appraisal	\$15,000	\$15,000	\$0	0.00%	1.7%
5100	Legal & Consultants	\$10,000	\$10,000	\$0	0.00%	1.2%
5105	Liab./Workers Compensat.	\$5,000	\$5,000	\$0	0.00%	0.6%
5110	Publishing/Publications	\$3,000	\$3,500	\$500	16.67%	0.4%
5120	Schools/Employee Ed.	\$6,550	\$6,550	\$0	0.00%	0.8%
5130	Postage	\$15,000	\$15,000	\$0	0.00%	1.7%
5135	Printing	\$5,000	\$5,000	\$0	0.00%	0.6%
5136	Professional Dues	\$2,285	\$2,285	\$0	0.00%	0.3%
5140	Office Supplies	\$7,000	\$7,000	\$0	0.00%	0.8%
5145	Furniture, Fixtures & Equip.	\$7,000	\$7,000	\$0	0.00%	0.8%
5150	Board of Directors	\$3,200	\$3,200	\$0	0.00%	0.4%
5155	Equip. Maint. and Reserve	\$1,500	\$1,500	\$0	0.00%	0.2%
5170	Building Reserve	\$7,000	\$7,000	\$0	0.00%	0.8%
5180	Software Support	\$24,345	\$25,505	\$1,160	4.76%	3.0%
5185	Debt Ser. - App. System	\$20,662	\$15,497	(\$5,165)	-25%	1.8%
5200	Banking Fees	\$120	\$120	\$0	0.00%	0.0%
TOTAL	TOTALS	\$863,547	\$857,666	(\$5,881)	-0.68%	100.0%

5006 Salaries:

	Positions	2011	2012	Merit	\$ Increase
IV	Chief Appraiser	\$ 80,840	\$ 80,840	0%	\$
Sharon	Deputy Chief	\$ 55,790	\$ 55,790	0%	\$
Mike	Senior Appraiser	\$ 52,000	\$ 52,000	0%	\$
Jesse	Agr. Appraiser RPA	\$ 38,000	\$ 38,000	0%	\$
Jason	Field Appraiser RPA	\$ 37,000	\$ 37,000	0%	\$
Kathy L.	Com. Appr. RPA	\$ 35,018	\$ 35,018	0%	\$
Michael	Field Appraiser RPA	\$ 35,500	\$ 35,500	0%	\$
Russell	Field App III	\$ 28,250	\$ 28,250	0%	\$
D.J.	Abstractor	\$ 32,000	\$ 32,000	0%	\$
Rob	GIS Manager	\$ 46,550	\$ 46,550	0%	\$
Kathy J.	Exemption Spec. II	\$ 29,500	\$ 29,500	0%	\$
Collin	Exemption Spec. I	\$ 27,250	\$ 25,000	0%	\$ -2250.00
	TOTALS	\$497,698	\$495,448	0%	\$-2250.00

<u>Position</u>	<u>Salary</u>	<u>Medical</u> <u>Ins</u>	<u>Retiremen</u> <u>t</u>	<u>Medicar</u> <u>e</u>	<u>Unemp</u> <u>a</u>	<u>Disabilit</u> <u>y</u>	<u>Totals</u>
Chief Appraiser	\$80,840	\$7,884	\$6,467	\$1,172	\$72	\$1,056	\$97,491
Deputy Chief	\$55,790	\$7,884	\$4,463	\$809	\$72	\$760	\$69,778
Senior Appraiser	\$52,000	\$7,884	\$4,160	\$754	\$72	\$715	\$65,585
Agr. App RPA	\$38,000	\$7,884	\$3,040	\$551	\$72	\$550	\$50,097
Field Appr. RPA	\$37,000	\$7,884	\$2,960	\$537	\$72	\$538	\$48,991
Com Appr. RPA	\$35,018	\$7,884	\$2,801	\$508	\$72	\$515	\$46,798
Field Appr. RPA	\$35,500	\$7,884	\$2,840	\$515	\$72	\$521	\$47,332
Fled Appr. III	\$28,250	\$7,884	\$2,260	\$410	\$72	\$435	\$39,311
Abstractor	\$32,000	\$7,884	\$2,560	\$464	\$72	\$479	\$43,459
GIS Manager	\$46,550	\$7,884	\$3,724	\$675	\$72	\$651	\$59,556
Exemp Spec II	\$29,500	\$7,884	\$2,360	\$428	\$72	\$450	\$40,694
Exemp Spec I	<u>\$25,000</u>	<u>\$7,884</u>	<u>\$2,000</u>	<u>\$363</u>	<u>\$72</u>	<u>\$397</u>	<u>\$35,716</u>
Totals	\$495,448	\$94,608	\$39,635	\$7,186	\$864	\$7,067	\$644,808

The line item for salaries is a half percent decrease from last year. It is in the best interest to our taxing entities if our well trained and educated employees are retained. There was no C.O.L.A. applied to this year's salaries. It is imperative that Kerr CAD remain competitive in the job market in order to retain trained quality personnel, however due to adverse economic conditions and budget constraints for most taxing entities there will be no pay increases awarded in 2012. There will be a total of 12 staff members for this year and the total salary line item is \$495,448. We are required by the Methods Assistance Program administered by the State of Texas Property Tax Assistance Division to display each employee's salary and benefits as well as the total salary and benefits for each employee.

5010 - Employers Retirement: KCAD has an independent employee retirement plan through John Hancock. All employees are required to participate in this plan. The Kerr CAD Board of Directors has elected to fund 8% of the employee's salary for their retirement plan. Details as shown below:

Total 2012 Salaries	\$	495,448
KCAD Matching Percentage	\$	X 0.08
KCAD Contribution	\$	39,636
Administration Fee	\$	1,480
TOTAL	\$	41,116

5012 - Employer Medicare: KCAD is responsible for the Medicare tax on each of the employee's wages. This rate is equal to 1.45 percent of the first \$125,000 paid to each employee per year.

Details of this item are as follows:

Total 2012 Salaries	\$ 495,448
Medicare Rate	x 0.0145
TOTAL	\$ 7,186

5015 - Employee Medical Insurance: Kerr CAD provides health insurance to its employees through the Texas Association of Counties. The carrier for Texas Association of Counties is Blue Cross / Blue Shield. Per employee payments for 2011 are \$596.99 per month. The Texas Association of Counties has informed us there will be an expected 10% increase in the premiums for next year resulting in an increase to \$657 per month per employee. Details of this estimated expenditure follow:

KCAD Contribution Per Month	\$657
Number of Employees	x 12
Total Monthly Contribution	\$7,884
Number of Months	x 12
TOTAL 2012 Estimate	\$94,608

5016 - Texas Employment Commission: KCAD is responsible for the payment of each employee's unemployment tax through the Texas Workforce Commission. This tax is a percentage of the first \$9,000 of the employee's quarterly salary. These rates change annually and are based on the number of employees hired and fired during the previous year. Since our record with the Texas Workforce is excellent this line item will remain at \$2,970.

5017 - Disability Insurance: The KCAD Board of Directors has elected to pay disability insurance in lieu of social security for KCAD employees for the 2012 budget. New employees will be under the same vesting requirements as other benefits. The line item for this year will be \$8,000.

5030 - Appraisal Review Board: KCAD is responsible for the Appraisal Review Board stipend. The reimbursement covers the ARB member's salary, travel, and training expenses related to serving on this board. The Board of Directors has decided Kerr CAD's ARB would benefit from additional training above and beyond the required rudimentary training required by the State estimated at \$2,500. The line item for the ARB will remain at \$12,500.

Reimbursement per Member	\$2,000
Number of Members	X 5
TOTAL	\$10,000
Education	+ \$2,500
TOTAL	\$12,500

5034 - Vehicle Replacement Reserve: The allocated amount for vehicle replacement will remain at \$8,000 for this year.

5035 - Travel and Mileage: The heaviest driving period for the CAD is the fall and winter months during our appraisal period. This line item also includes maintenance and tires. This item also includes other travel expense and also pertains to meals and hotel expense when employees are sent to school. The total for this item will remain unchanged at \$15,000.

5040 - Annual Audit: Section 6.063 of the Property Tax Code requires that the district have an annual audit by a Certified Public Accountant. The 2011 financial year audit will be conducted in 2012. The current estimate for this audit is \$5,450.

5045 - Mapping Expense: The district has cooperated with Kerr County 911 as well as The City of Kerrville and KPUB to share cost in acquiring a new GIS system called Pictometry. Pictometry is a patented information system that combines aerial imaging with a state of the art software system that has the ability to allow an appraiser to view and measure any structure, intersection, fire hydrant, tree or any feature in the county from a laptop or workstation. This new technology will enable the district to increase productivity, cut down on field trips and enhance appraisal of existing as well as discovery of new taxable property. This investment was over a three year period which began in 2009 and ended in 2011 it was \$8,093 per annum for a total of \$24,279 for Kerr CAD's portion. New photos are scheduled to be flown in January of 2012 and negotiations are currently underway with Kerr 911, KPUB, Kerr County and the City of Kerrville along with KCAD to partner in the cost of the new photos. Since negotiations are not complete it is recommended the line item for the new flights to remain at \$8,093 for 2012 which added to the existing GIS system at \$3,000. The total for the Mapping Expense line item for this year will remain at \$11,093.

5055 - Debt Service - Building: The CAD building is owned by Kerr Central Appraisal District. Kerr CAD's note balance on the building was \$8,832 as of January and was paid in full. The line item for 2012 will be zero since the note has been paid off.

5060 - Deed Copies: In order to maintain correct property ownership, KCAD is required to purchase copies of real property deeds from the Kerr County Clerk. In 2008 the County Clerk began supplying the district with a CD format instead of paper. This resulted in a significant cost savings to the district. This

item will remain at \$1,000 for this year.

5070 - Leased Equipment: The CAD leases a copy machine and a postage machine. A new copy machine was leased in 2010. This line item is \$5,688 for this year.

5075 - Telephone: This item includes basic telephone equipment lease and service, long distance service, and Internet subscription. This item will be \$7,400 for this year.

5080 - Utilities: The District's utility expense covers city water and electricity. Anticipated water and sewer costs are \$400 per year. Electricity costs are running approximately \$725 per month. The amount for this year unchanged at \$9,000.

5085 - Building and Grounds Maintenance: Building and grounds maintenance includes trash pickup, building cleaning, lawn care, and pest control. The details of this maintenance are as follows:

<u>Expense</u>	<u>\$/Month</u>	<u>\$/Year</u>
Trash Pickup	\$150	\$1,800
Building Cleaning	\$150	\$1,800
Pest Control	\$25	\$ 300
Termite Inspection		<u>\$ 150</u>
TOTAL		\$ 4,050

5090 - Consultant - Appraisal: KCAD contracts out the appraisals on utilities, minerals, pipelines, and industrial properties to the industrial appraisal firm, Capitol Appraisal had a cost of \$15,000 for 2011 and an increase is not anticipated for 2012. The total amount is \$15,000.

5100 - Consultant - Legal & Expert Witness: KCAD maintains a contract with the Law Office of Peter Low. The monthly retainer fee is \$150. The hourly fees are \$150 for litigation and \$100 for non-litigation fees such as travel. Other related expenses such as hotel room fees are paid by the district. Kerr CAD currently has fewer lawsuits than in past years and with anticipated market values stabilizing this line item is \$10,000.

5105 - Liability and Workers Compensation: This line item covers workers compensation, general liability, automotive liability, errors and omissions, and real and personal property insurance. The carrier for this insurance is the Texas Municipal League Intergovernmental Risk Pool (TML). This line item will be \$5,000.

5110 - Publishing and Publications: This line item includes required newspaper advertisements, property asset listings, and appraisal guides. This line item has a total of \$3,500.

5120 - Schools and Employee Education: According to Section 5.04, of the Property Tax Code, an appraisal district shall reimburse an employee for all actual and necessary expenses, tuition, other fees and costs of materials incurred in attending, with the chief appraiser's approval, a course or training program conducted or by the Texas Department of Licensing and Regulation. This item is a total of \$6,550 the same as last year.

5130 - Postage: Kerr CAD uses an outside mailing firm to print and mail the required appraisal notices. This saves the district some postage and helps ensure a timely mailing of appraisal notices. The district is currently charged \$.70 for each address correction from the Post Office. Kerr CAD elected to mail notices only to property owners whose values changed in 2011 or due to a change of ownership per request. Due to current market conditions 2012 is anticipated to be another year of stable values. Significant savings occurred due to this decision last year therefore the line item will remain at \$15,000.

5135 - Printing: This line item includes expenses such as printing of Notices of Appraised Value, Appraisal Cards, Appraisal Rolls and envelopes. Due to the information described in Line Item 5130 above substantial savings also occurred in the printing of Notices of Appraised Value. This item is estimated at \$5,000.

5136 - Dues: This line item is devoted to the registration of the district and employees with different state agencies and trade organizations. Registration with the Texas Department of Licensing and Regulation is a requirement by law. Affiliation with the Texas Association of Appraisal Districts allows KCAD to enroll in state classes for reduced tuition and keeps the district informed of changing rules and laws. A detailed description of this line item follows:

Texas Department of Licensing & Regulation	\$ 680
Texas Association of Appraisal Districts	\$ 900
International Association of Assessing Officers	\$ 175
Texas Association of Assessing Officers	\$ 80
M.I.S. Membership	\$ 300
Texas Building & Procurement Commission	\$ 100
TAAD Southwest Chapter	\$ 15
Visa Charge Membership	\$ 35
TOTAL	\$2,285

5140 - Office Supplies: This line item includes all miscellaneous office supplies used in the district. These items include paper, writing utensils, film, toner cartridges, and other supplies. The amount this year is \$7,000.

5145 - Furniture and Fixtures: This line item includes upgrading and replacement of computers and as well as desk, chairs and other office related furniture and fixtures. Kerr CAD is designating \$4,500 of its self-generated income from property record card sales, computer generated lists, map sales, and bank interest towards this line item. There is a \$2,500 allotted for desks, chairs, filing cabinets and other office related furniture and fixtures. The amount for this line item is \$7,000.

5150 - Board of Directors: This line item is utilized to purchase director manual and reference material for the Board of Directors. A portion of this line item is also utilized to purchase awards of appreciation to outgoing board members and name plaques. Because of increased duties, responsibilities as well as increased liability associated with being a board member this line item includes education for board members. The average cost for a board member to attend a TAAD conference is approximately \$1,000. A Rural Chief Appraisers Conference is approximately \$500 per person. This addition would allow 3 members to attend a TAAD Conference or all six members to attend a Rural Chief's Conference. This line item is \$3,200.

5155 - Equipment Maintenance: This item includes the maintenance of PC computers, networks, postage machine and copy machines. This line amount will be \$1,500.

5170 - Building Reserve: A building reserve of \$3,500 per year was established when KCAD purchased the current building. This fund is reserved and cannot be utilized for any purpose other than replacement or repair to major items regarding our facilities. The building was constructed in the mid 1970s and is in need of repairs and renovation. In 2006 the board elected to replace the existing roof with a new metal roof. In 2010 the septic system failed and due to the City of Kerrville's sanitary sewer rules the building's effluent was connected to the City of Kerrville's sewer system at cost near \$30,000. Other renovations are being considered such as parking lot resurfacing, floor coverings, wall coverings, window replacement or repair as well as energy efficiency improvements to the aging building. In order to ensure available funds will be available for the much needed renovations this amount will remain at \$7,000 this year.

5180(a) - Software Support – True Automation: Kerr CAD converted their old appraisal computer system to True Automation in October of 2006. True Automation is the largest CAD appraisal software company in the state True Automation calls their system the PACS System. This line item provides for continuing maintenance and support of the PACS System by True Automation. This system is the lifeblood of the district. Every property account is recorded, updated, and appraised through this system and the tax roll is generated resulting in the values used to levy taxes for every taxing entity serviced by Kerr CAD. True Automation has notified the district that due to a new release the software support and maintenance for this year will be \$25,505.

5185 Debt Services – Appraisal System: Kerr CAD's new appraisal system provider is True Automation. This system began implementation in October of 2006. The total cost of this system was \$144,049. The purchase of this system included the PACS Software, a SQL Server, appraisal user licenses, GIS Appraiser license, conversion, software installation, training, hardware installation, required third party software, a database server, a job server, PC memory upgrades, a firewall device, a 16 port switch and a communications rack. Kerr CAD financed this system with Capital City Leasing in Austin, Texas with a note of \$107,000 for six years at 5.3% fixed interest with quarterly payments of \$5,165.50. This note will be paid off in September 2012 resulting in a reduced line item amount of \$15,497.

5200 – Banking Fees:

We are now being assessed service charges on our bank account. This item is \$120.

Agenda Item:
(Staff)

- 6D. Interlocal agreements between Kerr County and the City of Kerrville for joint operations.

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

SUBJECT: Discussion and consideration of interlocal agreements between the City of Kerrville and Kerr County for joint operations.

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 3, 2011

SUBMITTED BY: Todd Parton **CLEARANCES:** NA
City Manager

EXHIBITS: Draft Public Safety Agreement
Draft Airport Agreement
Draft Library Agreement
Draft Animal Control Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Staff has prepared draft agreements related to the recently approved proposal by the City Council for interlocal agreements with Kerr County for the provision of fire services, emergency medical services, library operations, animal control services, and airport services.

The attached agreements reflect the basic terms of the proposal as follows:

1. 3-Year Term (Fiscal Years 2012, 2013, and 2014);
2. Annual Inflationary Adjustment of 3% for Fire and EMS Contributions Only;
3. County Cash Contributions as Follows:
 - a. Fire = \$500,000,
 - b. EMS = \$400,000,
 - c. Library = \$200,000 (Contingent Upon the Cailloux Grant),
 - d. Airport = \$175,000 (Contributed by Each Party); and
4. Animal Control and Animal Shelter Services to be Provided to City Residents at no Cash Contribution by the City of Kerrville.

These agreements have been transmitted Judge Pat Tinley. Judge Tinley mentioned to staff that the primary concerns/issues that the Commission would like to address are the separation of the public safety agreement for fire and EMS

operations, a termination provision in the event of the creation of an ESD for EMS, and the assurance of the Airport Board's ability to operate within appropriate legal constraints.

RECOMMENDED ACTION

Staff recommends that the City Council provide for specific action relating to these agreements and to direct that the finally approved agreements be forwarded to Kerr County as quickly as possible.



CITY OF KERRVILLE

MAYOR AND CITY COUNCIL

800 Junction Highway
Kerrville, Texas 78028
830-257-8000 / www.kerrvilletx.gov

Attachment A OUTLINE OF PROPOSED SERVICES

May 26, 2011 (Approved Unanimously by Kerrville City Council on May 24, 2011)

Proposal for Joint Operations between the City of Kerrville and Kerr County for a 3-Year Term Applicable to Fiscal Years 2012, 2013, and 2014

1. Library
 - a. Annual Operations Expenses
 - i. Annual County Allocation
 1. County Contribution of \$200,000 Each Year of the Agreement
 2. Contingent Upon Cailloux Foundation Grant Award
 - ii. Excludes Capital Expenditures, Major Building Maintenance and Depreciation
 - b. Library Facilities
 - i. City Maintains Ownership of Building and Land
 - ii. City Bears Responsibility for Major Building Maintenance, Capital Improvements, and Depreciation
 - c. Library Staff
 - i. Employees of the City of Kerrville

**Recap: County Contribute \$200,000 for Each Year
Library to be Run and Managed by the City of Kerrville**

2. Airport
 - a. Annual Operations Expenses
 - i. Split Evenly Between City and County
 - ii. Annual Allocation by Each Party
 1. \$175,000 Each for Total of \$350,000
 - b. Capital Improvements
 - i. Split Evenly Between City and County
 - ii. Funding Provided After Bids Received
 - iii. Capital Improvements Limited to a CIP Approved Annually by both the City and the County
 - iv. No Capital Improvements Exceeding \$5,000 Allowed without Prior Approval of Both the City and the County
 - c. Airport Board
 - i. Existing Board Structure Maintained
 - ii. Current Management Contract Needs to be Evaluated and Amended w/the Following Specific Points Modified
 1. Current Terms of Agreement

- a. Automatically Renewing Agreement (Annual Basis)
 - b. Termination For Cause
 - 2. Pricing of Agreement – Currently Contains No Provision for Charges for Services
 - iii. Gifts – No Gifts of Land or Facilities May be Provided by the Airport Board without Prior Approval of both the City and the County

Recap: Total Contribution Toward Annual Operating Expenses = \$350,000
Annual Expenses Split 50/50 = \$175,000 Each to City and County for
Each Year of the Agreement
Airport Board Amendments
Capital Improvements
Gifts

- 3. Fire and Emergency Medical Services
 - a. Combination Services Covered Under a Single Agreement
 - b. Annual County Funding Commitment of \$900,000 for First Year w/3% Escalator for Years 2 and 3
 - i. Fire Services = \$500,000
 - ii. EMS = \$400,000
 - iii. Annual Pricing Escalator of 3% After First Year of Funding
 - c. Services Provided
 - i. Fire Operations
 - 1. First Responder Area is the Same Area Served by Kerrville Under the Former Contract (Original Kerrville South Volunteer Fire Department Service Area)
 - 2. Limited Mutual Aid Backup Provided to Kerr County Areas Located Beyond the First Responder Area
 - 3. Certified Fire Fighter Staffing w/Certified Equipment in First Responder Area
 - 4. Coverage Provided 24 Hours/Day and 7 Days/Week in First Responder Area
 - 5. County-Wide Emergency Management Services
 - 6. Emergency Rescue
 - a. Dive Team
 - b. Swift Water
 - c. Low Angle/High Angle Rope
 - d. Vehicle Recovery and Extrication
 - e. Body Recovery
 - f. Evidence Recovery
 - ii. Emergency Medical Services Operations
 - 1. ALS-MICU Level Services for Emergency and Non-Emergency Calls
 - 2. Coverage for Areas Currently Served
 - 3. Coverage Provided 24 Hours/Day and 7 Days/Week
 - 4. All Transfer Services in County
 - 5. Coordinate Kerr County First Responder Program
 - a. Administrative Services
 - b. Medical Director Services by Board Certified Emergency Medical Physician

- iii. Existing Levels of Service Maintained for Fire and EMS Operations
 - 1. Existing Manpower
 - 2. Existing Equipment
 - 3. Existing Protocols

Recap: County Contribution for Public Safety Services = \$900,000 for First Year
Fire Services = \$500,000
EMS = \$400,000
Annual Contribution Escalator of 3% Applied After First Year
Existing Levels of Service Maintained

- 4. Animal Control
 - a. Annual Operations Expenses
 - i. County Covers Full Cost of Animal Control Services
 - b. City Revise Codes to be Consistent with County Codes (Animal Control Staff Provides Direction)
 - c. All Cases Filed in County Courts
 - d. No Minimum Service Level Requirement within the City of Kerrville
 - e. All Revenues from Animal Control Operations go to County
 - i. Citations
 - ii. Animal Registrations
 - iii. All Other Revenue Sources

Recap: County Provides Full Services as Delivered Currently
City Provides No Financial Contribution
City Codes Amended to Provide Single Set of Standards

**INTERLOCAL AGREEMENT FOR
FIREFIGHTING AND EMERGENCY MEDICAL SERVICES BETWEEN THE CITY OF
KERRVILLE, TEXAS AND KERR COUNTY, TEXAS**

AGREEMENT

This Interlocal Agreement for Firefighting and Emergency Medical Services between the CITY OF KERRVILLE, Texas, ("City") and KERR COUNTY, Texas, shall be effective as of October 1, 2011 ("Effective Date").

WITNESSED:

City shall provide firefighting and emergency medical services for the use and benefit of the citizens of Kerr County, Texas, to specified unincorporated areas of Kerr County, under the following terms and conditions, to-wit:

SECTION ONE. Firefighting Services.

- A. **1st Response Area:** It is understood that for the Kerrville South area, also known as the Kerrville Fire 1st Response Area, the City shall be considered the "first responder" fire department for all types of fire department related emergencies and shall respond initially with 1 (one) engine and/or a brush truck, and/or a rescue truck with their respective personnel, as the City deems appropriate.

B. Responses into the County:

1. *Firefighting:* For areas outside the City limits and the Kerrville Fire 1st Response Area, in the event of a request for service for any type of fire, including structural, grass/brush, and vehicle, and the volunteer fire department for that jurisdiction ("VFD") has not responded to that request within four minutes, the Sheriff's Department dispatch may request that the City respond initially with 1 (one) engine, and/or a brush truck, and/or a rescue truck with their respective personnel, as the City deems appropriate. Otherwise, City shall not be obligated to respond unless called for assistance by the VFD. The engine shall have three personnel and equipment needed to fight a structure fire. If needed, City's brush truck may respond to assist. In the event City receives a call for service from someone other than the VFD, City shall relay the call to the appropriate fire department in the County.
2. *Other Emergencies:* For all other non-fire types of emergencies including vehicle accidents, water and other types of rescues and searches, drowning, fuel spills, malicious and accidental false alarms, and smoke instigated responses (not actual fires), the City shall respond at the request of the VFD initially with 1 (one) engine, and/or a brush truck, and/or a rescue truck with their respective personnel, as the City deems appropriate. City shall respond to and assist with fire investigations as a courtesy to the Sheriff's Department, the Department of Public Safety, or the Texas Rangers in their determination of arson and the causes of fire.

SECTION TWO. Emergency Medical Services.

- A. EMS.** City agrees to furnish emergency medical services ("EMS") to the unincorporated areas of Kerr County. In addition, the City will continue its management of the Kerr County First Responder Program. For purposes of this Agreement, EMS shall include both responding to calls for emergency medical assistance and providing medical transportation services. The amount and type of equipment and number of personnel actually furnished by the City in response to any emergency call shall be determined solely by City and its duly appointed agents, officers, directors, employees or subcontractors. It is understood and agreed that City will give priority to calls within its own jurisdictional boundaries; however, City will use their best effort to make a timely response to each request for services within the Service Area.
- B. First Responder Program.** For the purposes of this Agreement, "Management of the County First Responder Program" shall mean and include the following services: The City shall manage the operations of the First Responder Program by maintaining, ordering, storing and restocking equipment and supplies; request and manage the budget expenditures, in addition to grant writing and proposals to obtain non-budgeted equipment; assist personnel by managing and/or administering the medical continuing education program, and ensure the compliance with the EMS Medical Protocols and EMS Standard Operating Guidelines. The EMS Coordinator shall also be the Infection Control Officer, HIPAA Privacy Officer and representative to the Medical Director and Fire Department Personnel.
- C. Response Times.** City shall make reasonable efforts to maintain emergency response times for the unincorporated areas of Kerr County at an average of twelve (12) minutes for all calls. The City shall make reasonable efforts to provide at least two (2) ambulances manned 24 hours per day 365 days per year capable of responding to City and County calls for service. The ambulances shall be staffed in accordance with the City's EMS Medical Protocols and EMS Standard Operating Guidelines. City shall continuously monitor its compliance with this provision. However, such response times may be waived in times of natural disasters or other catastrophic events which limits or renders performance standards substantially impossible.
- D. EMS Vehicles.** City shall maintain its EMS vehicles in accordance with the Texas Department of State Health Services EMS provider rules and regulations at all times, and shall provide patient care supplies, medical equipment, vehicle maintenance and regular equipment and vehicle inspections, calibrations and checks as determined by City to be appropriate.
- E. Medical Director.** The provision of EMS under this Agreement shall be directed, supported and supervised by a licensed physician who shall be designated by City as its Medical Director for EMS.
- F. Reports.** City shall provide quarterly run reports to County regarding the number of EMS responses made into the unincorporated areas of the County. Such report shall be a summary of the response codes obtained from "Emergency Response Report" provided as part of the

EMS software used by the City. County may request additional reports as needed as long as the information sought does not impinge on required patient confidentiality, violate federal or state law, and County pays the cost of producing such additional reports.

G. Additional Services. In carrying out EMS, City shall provide vehicle extrication, additional personnel, and establishment of landing zones for helicopter services as needed and as determined by the incident commander. In furtherance of meeting its obligations under this Agreement, City may enter into such contracts and interlocal agreements with local governmental entities and/or private companies as they deem necessary or appropriate to provide the services and coverage required.

H. Patient and Third-party Billing. City, including any and all of its agents and subcontractors operating hereunder, shall be entitled, in their sole discretion, to separately charge the patient/customer for their services based on the prices set by the City. Prices charged shall be based upon a number of factors, including location of the call, level of service provided, type of care rendered, supplies used, personnel used, and other mitigating or contributing factors to include cost of Medicare disallowance, cost of collection, and other related costs. Any and all costs provided for herein shall survive the expiration of this Agreement.

SECTION THREE. County's Costs. County shall pay the City \$500,000.00 for the City's firefighting services and \$400,000.00 for emergency medical services. The County shall make each of these payments to the City on or before February 1 for each year of this Agreement.

SECTION FOUR. Following the first year of this Agreement, the costs to be paid by the County shall increase each year of the Agreement by adding an inflationary adjustment which shall be equal to 3%.

SECTION FIVE. Term. This Agreement shall remain in effect from year to year, but may be terminated as of September 30, 2014, or any subsequent year, by either party giving one-hundred eighty (180) days written notice thereof.

SECTION SIX. Liability. Pursuant to Section 791.006 of the Texas Government Code, County hereby accepts, and in so doing releases City from, responsibility for civil liability that arises from the furnishing or obtaining services under this Agreement. To the extent authorized by law, County agrees to indemnify and hold harmless City for any damages or injuries to any person, or the property of such person, which damage or injuries result from answering or performing fire calls outside the City.

SECTION SEVEN. City's Right to Terminate. It is understood and agreed that should City's fire insurance rate be jeopardized in any manner as a result of answering fire calls outside City's limits, City shall have the right to terminate this Agreement upon giving sixty (60) days written notice hereof.

SECTION EIGHT. City Discretion in Providing Services. The parties understand and agree that City's primary fire fighting responsibilities are in the City and at the site of the greatest emergency; therefore, City reserves the reasonable discretion to delay or fail to respond, or to pull away from any call, whether in City or out, in order to respond adequately to an in-City report, or to other emergencies of the greatest degree, as solely determined by City.

SECTION NINE. City's Control. It is expressly understood that in the performance of the obligations taken under this Agreement, City is an independent contractor with the sole right to supervise, manage, control and direct the provision of its employees and agents. Further, County shall look to the City for performance only and shall have no right at any time to direct or supervise the City, its agents, officers, directors, employees or subcontractors. Nothing in this Agreement shall constitute or be construed to create a partnership or a joint venture by and among the parties.

SECTION TEN. Compliance with Law. City shall observe and comply with all federal, state, and local laws, rules, ordinances, and regulations in providing services under this Agreement.

SECTION ELEVEN. Miscellaneous.

- A. For purposes of this Agreement, all notices required hereunder shall be delivered to the following addresses of the respective parties via hand delivery or first class, prepaid mail:

For the City of Kerrville:

City of Kerrville
c/o City Manager
800 Junction Highway
Kerrville, TX 78028

with copy to: City of Kerrville
c/o Fire Chief
87 Coronado
Kerrville, TX 78028

For the County:

Kerr County
c/o County Judge
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

- B. This Agreement supersedes all written or oral representations of the parties as to the content, obligations or performance of the provision of emergency medical services by City to County. Any modification to this Agreement shall be of no force or effect unless in writing and signed by both parties. Each party hereto certifies that the covenants and obligations stated in this Agreement constitute the duly authorized act and agreement of the respective entity and that the persons affixing their signatures below have obtained all requisite approvals for the execution of this Agreement.
- C. The validity of the Agreement and any of its terms or provisions as well as the rights and duties of the parties, shall be governed by the laws of the State of Texas. Exclusive venue for any action concerning this Agreement shall be in Kerr County, Texas.
- D. Neither party may assign any right under this Agreement, and any purported assignment will be null and void and a breach of the Agreement.
- E. Notwithstanding any provision to the contrary, it is agreed that none of the obligations contained within this Agreement shall run to or be enforceable by any party other than a party to this Agreement.

F. In the event either party pursues litigation in order to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees, in addition to any and all other remedies, costs and damages permitted by law.

EXECUTED this the _____ day of _____, A.D., 2011.

CITY OF KERRVILLE, TEXAS

COUNTY OF KERR, TEXAS

David Wampler, Mayor

Pat Tinley, County Judge

ATTEST

ATTEST

Brenda G. Craig, City Secretary

Jannett Pieper, County Clerk

APPROVED AS TO FORM

Michael C. Hayes, City Attorney

T:\Legal\FIRE-EMS\CONTRACT\Fire for County\Interlocal Fire-EMS Agreement_County_041511.doc

**Interlocal Agreement for Firefighting and EMS between
Kerrville and Kerr County**

**INTERLOCAL AGREEMENT FOR THE CONTINUED EXISTENCE OF A
JOINT AIRPORT BOARD TO PROVIDE MANAGEMENT
OF KERRVILLE/KERR COUNTY AIRPORT**

This Joint Action Agreement ("Agreement"), pursuant to Chapter 22 of the Texas Transportation Code, is entered into between Kerr County, Texas ("County") and the City of Kerrville, Texas ("City"), also referred to individually as "Party", or collectively as "Parties", on the ____ day of _____, 20__.

WHEREAS, County and City jointly own the real property upon which is located the Kerrville/Kerr County Airport, sometimes referred to as Louis Schreiner Field ("Airport"); and,

WHEREAS, County and City have previously, by their actions, jointly managed said Airport under Tex. Rev. Civ. Stat. Ann. Art. 46d, Municipal Airport Act, the statutory predecessor to Chapter 22 of the Texas Transportation Code ("Code"); and

WHEREAS, County and City find that it is in the best interests of the citizens of County and City for the Airport to continue to be managed by a Joint Airport Board pursuant to the Code; and

WHEREAS, County and City are desirous of the continuous operation of the Airport in an effective manner; and

WHEREAS, County and City now reconstitute and reorganize the Joint Airport Board to reflect the terms of this Agreement;

NOW, THEREFORE, in consideration of these promises, covenants, and agreements, the Parties agree as follows:

1. **Duration of Agreement**: This Agreement shall be effective on the date it is fully executed by the Parties, and shall terminate on September 30, 2014. Thereafter, this Agreement shall automatically be renewed for five year terms, unless terminated as provided for below.

Deleted: 2011

2. **Proportionate Interest in Airport Property**: Each Party owns an equal, undivided interest in the real property and assets located within the bounds of the Airport, more particularly described in Exhibit A, and as that property description may be expanded or developed, and in the buildings, improvements, and other fixtures located on the property. Title to all Airport property shall remain jointly vested in the County and City.

3. **Joint Airport Board**: The Parties affirm the creation and continued existence of the Joint Airport Board ("Board"). The Board ☒ reconstituted and shall consist and operate as follows:

(a) **Membership**. The Board shall be comprised of five members. The approval by each Party is required to constitute an appointment to the Board. The current Board

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Summary of Comments on Microsoft Word - Airport Interlocal 2011.doc

Page: 1

Sequence number: 1

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 12:51:33 PM

~~T~~

members as of September 30, 2011, are hereby reappointed by the Parties to serve the remainder of their Term of Office left as of September 30, 2011.

(b) Term of Office. Each Board member shall be appointed for a two year term and shall continue to serve in this capacity until their successor is appointed and is duly qualified. Upon the death of any member or should any member resign or for any reason become unable to serve, a replacement shall be appointed in the same manner as provided below to fill the vacancy for the unexpired term.

(c) Oath and Bond. Following appointment, each Board member shall qualify for office by taking the required oath of office before the County Judge.

(d) Appointment. The process for appointment by action of each Party shall be as designated below:

1) The Board shall recommend persons to the County and City for consideration of appointment. The Board shall submit the names of such persons to each Party at least 60 days prior to the end of the particular place's term. ¹ ~~In the event that a candidate recommended by the Board is not appointed by either Party, the Board shall recommend an alternative candidate. In the event that this second candidate is not appointed by either Party, the Board shall select another candidate who will be automatically appointed to the Board without the approval of the Parties.~~

2) It is deemed desirable that all Board members possess and will contribute a balance of expertise in business, financial, aviation, or management training and experience. Appointments shall be made on or before June 1 of each year.

3) Replacement of members shall be in the same manner and under the same qualification as described above with such replacement being appointed to fulfill only that portion of the remaining term.

4) Any Board member may be removed by a majority vote of each Party, for any reason. In addition, the Board may recommend to the County and City that a Board member be removed.

5) Board members shall be eligible for reappointment. ³

(e) Officers: The Board shall appoint a President and Vice President who shall be selected from the Board's membership. If the Board appoints a Treasurer, the Treasurer shall execute a bond in an amount determined by the Board, with a corporate surety authorized to do business in the State of Texas and conditioned upon the faithful performance of the treasurer's duties. In addition, the Board shall appoint a secretary who shall record the minutes of the Board meetings. The term for each position shall be for two years.

Deleted: shall be subject to

Deleted: reappointment

Deleted: without Board recommendation as it is the intent of this Agreement to reconstitute and reorganize the Board. Following the appointments and/or any reappointments to the Board, each Board member shall be assigned at random to hold one of the five places that comprise the Board

Deleted: Following the execution of this Agreement, the terms of those Board members who are serving in Places 1, 3, or 5 shall expire on June 1, 2010. The terms for those Board members appointed to Places 2 and 4 shall expire on June 1, 2011.

Page: 2

Sequence number: 1

Author: mhayes

Subject: Note

Date: 4/11/2011 1:10:46 PM

 Amend (d)1) to add: "Both parties must vote to appoint each member to the Board."

Sequence number: 2

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 12:54:55 PM



Sequence number: 3

Author: mhayes

Subject: Note

Date: 4/11/2011 1:10:56 PM

 Amend term limit to (d)5): "..., but Board members are prohibited from serving more than 3 consecutive, 2 year terms."

(f) Compensation: Service on the Board is without compensation. ¹However, each Board member is entitled to reimbursement for necessary expenses incurred in the performance of his/her duties as a Board member, subject to a written Board policy regarding the reimbursement of expenses, which has been approved by each Party.

(g) Authority, Powers and Duties: The Board shall have the following authority, powers and duties:

1) The Board may exercise on behalf of the Parties any power possessed by either Party and those specifically provided by the Code, including the power to lease property and facilities, and to buy and sell goods as an incident to the operation of the Airport. However, the Board is not authorized to impose a property tax, sell bonds, or otherwise enter into other debt instruments, dispose of Airport property, or exercise the power of eminent domain without the prior written consent of each Party.

2) The Board, following the prior written consent of each Party, has the authority to apply for and to execute grant funding agreements.

3) The Board may improve, equip, maintain, operate, manage, regulate, protect, and police the Airport.

4) The Board may realign, alter, acquire, abandon, or close a portion of a roadway or alleyway without a showing of paramount importance if the portions to be realigned, altered, abandoned, or closed are in the geographical boundaries of the Airport at the time of or after the realignment, alteration, acquisition, abandonment, or closing.

5) The Board shall have the responsibility and be in charge of the property, improvements, and other assets of the Airport and ²be in charge of the disbursement of Airport funds for Airport purposes. ~~The~~ Board shall also cause records to be kept of any and all revenues and disbursements.

6) The Board shall maintain a fund for the purpose of depositing all revenues of the Airport, including each Party's share of the operating costs. This fund shall be kept and managed by the Board and shall be established at a bank with a branch in Kerr County. Federal, state, or other contributions or loans and the revenue obtained from the operation of the Airport shall be deposited to the credit of the joint fund.

Deleted: Within 30 days following the execution of this Agreement and the appointment(s) and/or reappointment(s) of Board members by the Parties, t

Deleted: establish

Deleted: to be maintained

7) The Board shall have an audit of the financial affairs of the Board and its operation of the Airport conducted each year by an independent accountant and shall furnish the audit to each Party no later than ³December 1 ⁴year.

Page: 3

Sequence number: 1
Author: mhayes
Subject: Cross-Out
Date: 4/11/2011 12:57:05 PM



Sequence number: 2
Author: mhayes
Subject: Note
Date: 4/14/2011 2:01:48 PM
 Amend (g)5) to add: "...for Airport purposes, and pursuant to the approved Board Budget."

Sequence number: 3
Author: mhayes
Subject: Cross-Out
Date: 4/14/2011 2:13:43 PM



Sequence number: 4
Author: mhayes
Subject: Note
Date: 4/14/2011 2:15:52 PM
 Need to decide a reasonable date; this date isn't being met.

8) The Board shall ensure that all records regarding the operation of the Airport are maintained, retained, and made available for public review in accordance with the Texas Public Information Act. All records shall be maintained at the Airport.

9) The Board shall hire and employ an Airport Manager ("Manager") and such other employees as are necessary for the operation of the Airport. ¹The Manager shall be hired as soon as possible after execution of this Agreement.

10) The Board, through its Manager and any other employees, shall be responsible for the day-to-day management of the Airport. Toward that end, the Board is ²authorized to enter into service contracts with other public or private entities.

11) The Board may adopt resolutions, rules, and orders for the operation of the Airport.

12) The Board may lease Airport property and may adopt fees and rental rates with respect to the ³use of Airport services or use of Airport property. Such fees and rates ⁴should, to the extent possible, be included within the Board Budget.

13) The Parties acknowledge that the Airport property is within the City's limits and is subject to the City's regulations and that land adjacent to the Airport but outside the City limits is subject to the adoption, administration, and enforcement by either a County or Joint Airport Zoning Board of airport hazard area and compatible land use zoning. However, the Board shall monitor and consider appropriate zoning for the Airport and the immediately surrounding areas whose use may impact Airport operations.

14) The Board shall adopt policies and procedures for the purchase of goods and services and for the ⁵accounting of the Airport's finances, each in accordance with state law.

15) The Board may insure itself, its contractors and subcontractors against liability arising from the operation of the Airport for damages to the person or property of others, workers' compensation, and officers' and employees' liability. The insurance may consist of self-insurance and/or purchased insurance.

⁶

16) The Board shall comply with the Code and other state laws and local laws in all respects.

(h) Meetings: The Board shall meet on dates and times as agreed upon by the Board, which schedule may be changed from time to time; however in no event shall the Board meet less frequently than once per calendar quarter. The President of the Board or any two Board members shall have the authority to call a meeting. All such meetings of the

Deleted: The newly reconstituted Board shall meet within 15 days following the execution of this Agreement and the appointment(s) and/or reappointment(s) of Board members by the Parties. Thereafter, t

Page: 4

Sequence number: 1
Author: mhayes
Subject: Cross-Out
Date: 4/14/2011 2:15:56 PM



Sequence number: 2
Author: mhayes
Subject: Note
Date: 4/11/2011 1:11:25 PM

Amend (g)5) to add: "...but where such a contract exceeds \$25,000.00, both Parties must approve the contract."

Sequence number: 3
Author: mhayes
Subject: Note
Date: 4/11/2011 1:02:15 PM

Replace "should" with "shall" - mandatory.

Sequence number: 4
Author: mhayes
Subject: Cross-Out
Date: 4/11/2011 1:02:23 PM



Sequence number: 5
Author: mhayes
Subject: Cross-Out
Date: 4/11/2011 1:01:46 PM



Sequence number: 6
Author: mhayes
Subject: Note
Date: 4/11/2011 1:11:38 PM

Amend (g)14) to add to last sentence "....and this Agreement."

Sequence number: 7
Author: mhayes
Subject: Note
Date: 4/14/2011 2:19:09 PM

Add a new 16): "16) The Board is prohibited from giving, leasing, or otherwise allowing the use of any part of the Airport for no value or less than market value, without first having received approval from both Parties."

Board shall be held in accordance with the Texas Open Meetings Act and three members of the Board shall constitute a quorum of the Board. The Board shall make its own rules of order, by-laws, set the time and place for regular meetings, and shall keep minutes of its meetings.

(i) Fiscal year. The Board shall observe a fiscal year that begins each October 1 and ends September 30.

(j) Reporting. The Board shall provide quarterly written reports to each Party regarding the operations of the Airport and its finances.

(k) Litigation. The Board shall not enter into litigation of any kind without prior approval from the Parties. However, the Board may provide an appropriate response to a lawsuit or claim filed against it in an effort to protect its rights and defenses prior to any approval from the Parties.

4. Board Budget. The Board is responsible for the operations and needs of the Airport and shall develop and approve a budget for Airport operations ("Board Budget"). The Board Budget shall consist of the following parts: 1) maintenance and operations; and 2) capital improvements. For purposes of this Agreement, "capital improvements" are defined as a project that will result in a physical object with a value of \$45,000 or more. The Board shall submit and present the Board Budget to the County and the City for approval. Should either Party not approve the Board Budget, the previous year's Board Budget shall be automatically adopted for the upcoming year.

(a) Submission Required. The Board shall submit the Board Budget to both Parties not later than June 5th of each year for Parties' consideration no later than September 30 of each year.

(b) Content and Format. The Board Budget shall substantially conform to the format and line item content as specified and depicted in Exhibit B.

(c) Excess Spending Prohibited. Without the prior written approval of the Board, the Board shall not spend nor incur obligations which at any time will exceed the total amount of the Board Budget approved by the County and City for that year.

(d) Airport Revenues. The Board shall only use revenues generated by operation of the Airport for Airport purposes.

(e) Board Budget Calculation. The Board shall determine the Board Budget as follows:

(1) Total of all revenues, not including contributions from the Parties, less total expenses, which shall include all grant matches.

Page: 5

Sequence number: 1

Author: mhayes

Subject: Note

Date: 4/11/2011 1:06:23 PM

 Add "both" before "the Parties." - both 1st and 2nd sentence

Sequence number: 2

Author: mhayes

Subject: Note

Date: 4/11/2011 1:07:28 PM

 Amend 4. at end of 1st sentence ad follows: "...to be approved by both Parties."

Sequence number: 3

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 1:06:26 PM



Sequence number: 4

Author: mhayes

Subject: Cross-Out

Date: 4/14/2011 2:09:56 PM



Sequence number: 5

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 1:07:34 PM



Sequence number: 6

Author: mhayes

Subject: Note

Date: 4/11/2011 1:08:19 PM

 Board submission of budget needs to be by June 1st.

Sequence number: 7

Author: mhayes

Subject: Note

Date: 4/11/2011 1:12:20 PM

 Replace "each" with "both Parties."

Sequence number: 8

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 1:08:52 PM



Sequence number: 9

Author: mhayes

Subject: Cross-Out

Date: 4/11/2011 1:09:08 PM



Sequence number: 10

Author: mhayes

Comments from page 5 continued on next page

Board shall be held in accordance with the Texas Open Meetings Act and three members of the Board shall constitute a quorum of the Board. The Board shall make its own rules of order, by-laws, set the time and place for regular meetings, and shall keep minutes of its meetings.

(i) Fiscal year. The Board shall observe a fiscal year that begins each October 1 and ends September 30.

(j) Reporting. The Board shall provide quarterly written reports to each Party regarding the operations of the Airport and its finances.

(k) Litigation. The Board shall not enter into litigation of any kind without prior approval from the Parties. However, the Board may provide an appropriate response to a lawsuit or claim filed against it in an effort to protect its rights and defenses prior to any approval from the Parties.

4. Board Budget: The Board is responsible for the operations and needs of the Airport and shall develop and approve a budget for Airport operations ("Board Budget"). The Board Budget shall consist of the following parts: 1) maintenance and operations; and 2) capital improvements. For purposes of this Agreement, "capital improvements" are defined as a project that will result in a physical object with a value of \$25,000 or more. The Board shall submit and present the Board Budget to the County and the City for approval. Should either Party not approve the Board Budget, the previous year's Board Budget shall be automatically adopted for the upcoming year.

(a) Submission Required. The Board shall submit the Board Budget to both Parties not later than June 30th of each year for Parties' consideration no later than September 30 of each year.

(b) Content and Format. The Board Budget shall substantially conform to the format and line item content as specified and depicted in Exhibit B.

(c) Excess Spending Prohibited. Without the prior written approval of each Party, the Board shall not spend nor incur obligations which at any time will exceed the total amount of the Board Budget allocated by the County and City for that year.

(d) Airport Revenues. The Board shall only use revenues generated by operation of the Airport for Airport purposes.

(e) Board Budget Calculation. The Board shall determine the Board Budget as follows:

(1) Total of all revenues, not including contributions from the Parties, less total expenses, which shall include all grant matches.

Subject: Note

Date: 4/11/2011 1:10:27 PM

 Amend 4.(c) to add "....approved and adopted....for that current fiscal year."

Sequence number: 11

Author: mhayes

Subject: Note

Date: 4/11/2011 1:13:39 PM

 Add: "...any line item..."

Sequence number: 12

Author: mhayes

Subject: Note

Date: 4/11/2011 1:14:26 PM

 Amend: "....current fiscal year."

Sequence number: 13

Author: mhayes

Subject: Cross-Out

Date: 4/14/2011 1:56:01 PM



Sequence number: 14

Author: mhayes

Subject: Note

Date: 4/14/2011 1:56:55 PM

 Amend 4.(e) - "...shall create a draft Board Budget...."

(2) Where a negative sum occurs, the Board shall seek contributions from the Parties as provided below.

5. **County and City Funding:** To assure the objective of the continuation of efficient Airport operations, each Party is obligated to the other Party to contribute funds as follows:

(a) **Maintenance and Operations.** Subject to the authority of each Party to terminate the Agreement at the end of any fiscal year, the County and City shall each fund one-half (1/2) of all the costs related to the maintenance and operations part of the Board Budget.

(b) **Capital Improvements.** The County and City shall be equally responsible for expenses directly resulting from the part of the Board Budget regarding capital improvements.

(c) **Schedule of Payments.** Pursuant to the Board Budget and the amount of each Party's contributions, each Party shall forward 12 equal monthly payments to the Board in the amount of 1/12th of their total contribution on or before the 15th day of each month.

6?

Amendment: This Agreement may only be amended by written agreement of the Parties.

7. **Termination of Agreement Prior to Expiration:** This Agreement may be terminated by either Party to become effective at the end of the current fiscal year. To effectuate the termination, the Party seeking termination must provide written notice to the other Party at least 90 days prior to the end of the fiscal year.

8. **Notices:** Any notice required or permitted to be given pursuant to this Agreement or under the laws of this state shall be given in writing and may be given via the United States Postal Service, certified mail, or commercial courier service, addressed to the applicable Party at the address set forth below:

City: City of Kerrville
Attention: City Manager
800 Junction Highway
Kerrville, TX 78028

County: Kerr County, Texas
Attention: County Judge
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

Board: Joint Airport Board

Deleted: for Fiscal Years 2009 through 2011

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Deleted: over the next three fiscal years (2009, 2010, 2011) in the following percentages.

FY 09 FY 10 FY 11

County 50%
\$187,000 75% 100%

City 50%
\$187,000 25% 0%

*The Parties have determined the amount of the FY 2009 Board Budget and these values reflect that amount.

County's Responsibility for Maintenance and Operations Costs for Fiscal Year 2012 and beyond. The County shall continue to fund all of the costs related to the maintenance and operations part of the Board Budget for Fiscal Year 2012 and beyond. The City shall not fund any of the maintenance and operations part of the Board Budget and will continue to maintain its 50% ownership interest in the Airport.

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Sequence number: 1
Author: mhayes
Subject: Cross-Out
Date: 4/14/2011 1:44:42 PM



Sequence number: 2
Author: mhayes
Subject: Note
Date: 4/14/2011 1:54:18 PM

each *\$175,000*
Amend by adding after last sentence: "For the initial year of this Agreement, the County and City shall each contribute ~~\$165,000.00~~
~~For each year following the first year of this Agreement, the Parties agree that the yearly, equal contribution for each each shall~~
~~increase by adding an inflationary adjustment which shall be equal to the greater of 2% or the inflation increase as defined by the~~
~~Consumer Price Index for All Urban Consumers, as published by the U.S. Department of Labor, Bureau of Labor Statistics (CPI), or~~
~~its successor. This provision shall apply to any annual extension of this Agreement.~~"

Sequence number: 3
Author: mhayes
Subject: Note
Date: 4/14/2011 2:09:16 PM

Amend 5.(b) by adding after last sentence: "On an annual basis, both Parties must review proposed capital improvement projects. Only those projects approved by both shall move forward for bidding, where applicable, and construction. The Board is prohibited from making any allocation for capital improvements until a final cost is known for the overall project."

Sequence number: 4
Author: mhayes
Subject: Note
Date: 4/14/2011 2:24:47 PM

Add a new 6) as follows: "The County and Board shall amend their management services agreement to add a specific value for the services provided, a "termination for cause" provision, and a provision that the agreement only last one year, but automatically renews unless terminated by either the Board or the County."

Attention: Airport Manager
Kerrville/Kerr County Airport
1875 Airport Loop Road
Kerrville, TX 78028

9. **Governing Law and Venue:** This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any cause of action shall be in a court of competent jurisdiction in Kerr County, Texas.

10. **Severability:** If any provision of this Agreement is invalid or unenforceable, this Agreement shall be considered severable as to such provision, and the remainder of this Agreement shall remain valid and binding as though such invalid or unenforceable provision was not included.

11. **Captions:** Section headings are inserted herein only as a matter of convenience and for reference, and in no way defines, limits, or describes the scope or intent to any provision.

12. **Use of Language:** Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

13. **Entire Agreement:** This Agreement embodies the entire agreement between the Parties, and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter. This Agreement shall not be amended, discharged or extended, except by written instrument executed by the Parties. The Parties agree that no representations or warranties shall be binding upon either Party unless expressed in writing in the Agreement.

14. **Multiple Counterparts:** This Agreement may be executed in multiple counterparts, each of which constitutes an original.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be legally executed this _____ day of _____, 20____.

CITY OF KERRVILLE

COUNTY OF KERR, TEXAS

By: _____
David Wampler, Mayor

By: _____
Pat Tinley, County Judge

ATTEST:

ATTEST:

This page contains no comments

Brenda G. Craig, City Secretary

Jannett Pieper, County Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

Robert Henneke, County Attorney

This page contains no comments

CoK Draft 5/20/11

INTERLOCAL AGREEMENT FOR LIBRARY SERVICES BETWEEN CITY OF KERRVILLE, TEXAS, AND KERR COUNTY, TEXAS

THIS AGREEMENT, by and between the City of Kerrville, Texas ("City") and Kerr County ("County"), also referred to individually as "Party," or collectively as "Parties", is entered into on the ____ day of _____, 2011.

WHEREAS, City owns and administers the Butt-Holdsworth Memorial Library ("Library"); and

WHEREAS, the Library provides services to all Kerr County residents including those who reside within the City;

NOW THEREFORE, for and in consideration of the premises and the mutual benefits, covenants, promises and agreements hereinafter set forth, City and County agree:

1. City assumes the function of a County free library system in accordance with Section 323.011, Texas Local Government Code.
2. Management, ownership, and control of the Library and its employees, resources, and equipment shall remain vested in and/or remain the sole responsibility of the City.
3. The Library shall maintain accreditation in accordance with the Texas Administrative Code, Title 13, Part 1, Chapter 1, Subchapter C with services based on a Kerr County population estimate of 48,381.
4. The Library Advisory Board shall remain in existence and it shall continue to provide oversight of Library operations.
5. Term:
 - a. The term of this Agreement shall be from October 1, 2011 through September 30, 2014 ("Initial Term"). This Agreement shall remain in full force and effect through its Initial Term, unless terminated pursuant to Section 6, below.
 - b. The Parties agree that this Agreement shall renew automatically for one-year periods following the Initial Term subject to the payment adjustment provisions of Section 7 below unless either Party provides written notice to the other Party no later than March 1 of its intention not to renew this Agreement, which such termination will not

CoK Draft 5/20/11

become effective until the end of the City's current fiscal year (September 30). All terms and covenants of this Agreement shall apply to any renewal period.

6. Termination:

- a. Based upon budgetary constraints, either City or County may terminate this Agreement by providing written notice to the other Party not later than March 1 of any year. Any such termination will not be effective until the end of the City's current fiscal year (September 30).
- b. This Agreement may be terminated for cause, provided that in the event of the breach, the non-breaching Party shall give written notice to the breaching Party specifically stating the provision of this Agreement alleged to have been breached and the factual basis underlying the alleged breach. Within thirty (30) days after receipt of notice, the breaching Party shall: i) cure said breach; or ii) contest the alleged breach. Failure to cure the breach or contest the alleged breach within this thirty (30) day period shall be deemed a material breach of this Agreement and shall authorize the non-breaching Party to unilaterally terminate this Agreement, upon delivery of written notice of termination via certified mail or personal delivery, to the breaching Party. Termination shall be effective upon receipt of said notice.

7. Payment by County:

- a. In exchange and consideration for the City's provision of Library services under this Agreement during the Initial Term, County agrees to pay City \$200,000.00 for the first year of this Agreement contingent upon the award of a grant by the Cailloux Foundation to the County. Such costs include costs relating to personnel, supplies, training, equipment, building operations, as well as other related expenses. Such costs do not include expenditures for capital improvements, major building maintenance, or depreciation.
 - b. Payment for the Initial Term shall be due and payable on or before February 1 with subsequent payments being due on or before February 1 for each year that the Agreement continues.
8. Payment by City: The City shall annually fund the Library at or above the annual payment made by the County for each fiscal year. In addition, the City shall be responsible for capital improvements, major building maintenance, and depreciation.
9. This Agreement shall be binding upon Parties hereto; provide, however, that neither the City nor the County shall assign, sublet, or transfer their interest in this Agreement without the prior written consent of the other.

10. This Agreement has been made in and shall be construed in accordance with the laws of the State of Texas. Venue shall be in Kerr County, Texas.

CoK Draft 5/20/11

11. Notice to City provided herein shall be sufficient if sent by first class mail, postage prepaid to:

City Manager's Office
City of Kerrville
800 Junction Highway
Kerrville, TX 78028

And notice to County, if sent by first class mail, postage prepaid addressed to:

County Judge
Kerr County Courthouse
700 Main Street, Ste. 101
Kerrville, TX 78028

Or to such other addresses as the Parties may designate to each other in writing.

APPROVED AND ADOPTED by the City Council for the City of Kerrville on the ____ day of _____ 2011; and by Commissioners Court of Kerr County, State of Texas, on the ____ day of _____ 2011.

CITY OF KERRVILLE, TEXAS

COUNTY OF KERR, TEXAS

David Wampler, Mayor

Pat Tinley, County Judge

Date: _____

Date: _____

ATTEST:

ATTEST:

Brenda G. Craig, City Clerk

Jannett Pieper, County Clerk

**AGREEMENT BETWEEN KERR COUNTY, TEXAS AND CITY OF KERRVILLE,
TEXAS REGARDING PROVISION OF ANIMAL CONTROL SERVICES**

WHEREAS, Texas Health and Safety Code §826.016 authorizes governing body of a municipality and the commissioners court of a county enter into contracts with public entities to carry out the activities required or authorized under Chapter 826 of the Texas Health and Safety Code; and

WHEREAS, in order to preserve taxpayer funded resources through elimination of duplication, the Commissioners Court of Kerr County, Texas (County) and the City Council of the City of Kerrville, Texas (City) in the enforcement of the Rabies Control Act and related City and County regulations promulgated pursuant to the authority of the Rabies Control Act and other State laws, the County, and the City, find it to be in the public interest that the County be responsible for the enforcement off animal control regulations within the City and County;

NOW, THEREFORE, in consideration of the recitals set forth above and covenants expressed herein, and in accordance with Texas Health and Safety Code §826.016, the City and County execute an Agreement pursuant to Interlocal Cooperation Act (TEXAS GOVERNMENT CODE §791.001) whereby the County agrees to operate an animal control facility for the mutual benefit of City and County, and the City and County hereby agree as follows:

1. Purpose: The intent of this Agreement is to establish the terms and conditions between City and County whereby County agrees, at no cost to City, to enforce animal control laws and regulations within City's incorporated limits to the extent County does not already possess exclusive jurisdiction for enforcement, including but not limited to, enforcement of:
 - a. The Rabies Control Act, as amended;
 - b. Chapter 822 of the Texas Health and Safety Code, related to dangerous dogs, and other applicable state statutes of animals and animal diseases.

The County shall enforce City animal control ordinance provisions which have been approved by the County as part of this Agreement and which the City adopted or amended in consultation with the County's Animal Control.

2. Enforcement of Zoning Regulations Excluded: This Agreement does not require or authorize the County to enforce any provision of the zoning regulations for the City of Kerrville, Texas related to the use and development of property within the City's incorporated limits.

3. Initial Term: The initial term of this Agreement shall begin October 1, 2011 and end September 30, 2014, subject to earlier termination as provided herein.
4. Annual Extensions: This Agreement shall be automatically renewed without action by any party hereto, for successive periods of one year each, commencing on October 1, 2014, and each year thereafter, up to five successive years; unless notice of cancellation is given by either party in writing to the other party not later than ninety (90) days prior to the cancellation of the next renewal term. The scope of services may not be changed during any fiscal year unless mutually agreed to in writing between the parties.
5. Service: County agrees to provide the following services:
 - a. Staff: County agrees to provide:
 - i. Emergency call-out related to Rabies Control Act during all times other than weekday business hours;
 - ii. Call response to City and County residents' complaints within a reasonable time period.
 - b. Facility: County shall furnish a Facility sufficient to meet State of Texas requirements and provide the services stated herein.
 - c. Operation: County shall operate and maintain the Facility in compliance with State statutes, rules and regulations. Such operation shall include:
 - i. The Facility shall be open to the public for the delivery of animals five (5) days per week during normal business hours.
 - ii. The Facility operator shall be on call outside of business hours in order to take emergency cases related to the Rabies Control Act or at law enforcement request, and if necessary, open the Facility to the public for such cases.
 - iii. County shall provide routine daily care of animals at the Facility including weekends and holidays.
 - iv. County shall provide adequate segregated quarters at the Facility for the quarantining of animal bite cases and other emergency cases, as provided by State law and City and county ordinances

- v. County shall render euthanasia services pursuant to State law, and such that the Facility will be operated in an uncrowded manner. County will dispose of euthanized animals pursuant to State statutes.
 - vi. County will accept for holding at the Facility stray dogs and cats from the public and from County animal control officers and City employees and officials.
 - vii. County will manage the reclamation of animals by their owners and the adoption of unclaimed animals by the public.
 - viii. County will not be responsible for collection of dead animals from street rights-of-way within the City.
 - d. Facility Fees: Fees charged those persons registering, reclaiming, or adopting an animal shall be determined pursuant and subject to the budget approval process provided by State statute.
6. Cooperation: City agrees to immediately notify Kerr County Animal Control of any animal bite cases. Kerrville Police Department agrees to fully cooperate with Kerr County Animal Control in the enforcement of animal control laws and regulations within City's incorporated limits.
7. Consideration: City agrees for County to retain all revenue generated from the issuance and collecting for animal licenses, fees and court costs from citations issued under this Agreement, and any and all other sums generated by the County through its provision of animal control services.
8. City Animal Control Revenues: During the term of this Agreement and any extension thereof:
- a. County shall be responsible for issuing and collecting for animal licenses for those animals whose owners reside within the City limits and shall retain the revenue derived there from. Said revenues shall remain with the County.
 - i. County animal control officers shall file all Class "C" misdemeanors related to violation of animal control regulations, as defined in Section 1 of this Agreement, in the Justice of the Peace court for the precinct where the violation occurred including violations that occur within the City limits of Kerrville. All fee and court cost revenue shall remain with the County.
 - b. County shall maintain confidentiality of certain information in dog and cat

registry pursuant to Texas Health and Safety Code Chapter 826.

9. Appointment of Local Rabies Control Authority: During the term of this Agreement, City agrees that the person appointed by the County to serve as the Local Rabies Control Authority shall be the Kerr County Animal Control Director for purposes of the Rabies Control Act.

10. Default:

- a. In the event of default by County in the performance of its obligations hereunder, and County fails to cure such default within thirty (30) days after receipt of written notice from City, City, at its option, and without prejudice to any other remedy City may have for County's breach of this Agreement, may terminate this Agreement not earlier than thirty (30) days after delivering written notice of termination to County.

11. Independent Operations: In the performance of its obligations hereunder, County has the exclusive right to supervise, manage, control, and direct its employees in the performance of the services hereunder. City shall look to County for results only and shall not have the right to direct the County or any of its officers or employees in the performance of such services or as to the manner, means, or methods in which the services are performed except as herein expressly provided.

12. No Assignment: This Agreement shall be binding upon parties hereto: provided, however, that neither the City nor the County shall assign, sublet, or transfer their interest in this Agreement without the prior written consent of the other.

13. Applicable Law: This Agreement has been made in and shall be construed in accordance with the laws of the State of Texas. Venue shall be in Kerr County, Texas.

14. Notice: Notice to City provided herein shall be sufficient if sent by first class mail, postage prepaid to:

City Manager's Office
City of Kerrville
800 Junction Highway
Kerrville, TX 78028

and notices to County, if sent by first class mail, postage prepaid addressed to:

County Judge
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

Or to such other addresses as the parties designate to each other in writing.

15. This Agreement is subject to the Texas Public Information Act

SIGNED AND AGREED on the dates indicated by the parties below.

CITY OF KERRVILLE, TEXAS

COUNTY OF KERR, TEXAS

By: _____
David Wampler, Mayor

By: _____
Pat Tinley, County Judge

Date: _____

Date: _____

ATTEST:

ATTEST:

Brenda G. Craig, City Clerk

Jannett Pieper, Kerr County Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

Robert Henneke, County Attorney

Agenda Item:

(Staff)

- 6E. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

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

SUBJECT: Update regarding Lower Colorado River Authority Transmission Services Corporation application for the proposed McCamey D to Kendall to Gillespie CREZ project.

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 3, 2011

SUBMITTED BY: Todd Parton
City Manager **CLEARANCES:**

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

City Staff will provide on update regarding the CREZ Project.

RECOMMENDED ACTION

Discussion and possible action as may be necessary.

Agenda Item:
(Staff)

- 7A. Review of timeline and process for update of the city subdivision ordinance.

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

SUBJECT: Review of timeline and process for update of the city subdivision ordinance

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 2, 2011

SUBMITTED BY: Kevin Coleman **CLEARANCES:** Kristine Ondrias

EXHIBITS: Outline of Revision of City Subdivision Ordinance
Projected Timeline of Revision

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City's Subdivision Ordinance was first adopted in November, 1982. The ordinance has been amended numerous times since its adoption. The existing ordinance is showing its age and no longer conforms to changes in state law, current practice or local terminology.

The ordinance is currently under review by the Development Services and Engineering Services Departments. Given that review, staff is recommending a revision to the ordinance that will create an updated, user friendly ordinance that conforms to state law, local terminology and current practice. Staff feels that this review and revision can be complete in conjunction with ZOIC's work on the zoning ordinance.

The purpose of this agenda item is to provide Council an outline of the proposed revision and to detail a timeline for the revision process, as well as to provide an opportunity for Council to provide input on that outline and process.

RECOMMENDED ACTION

Provide staff direction to proceed as presented.

Outline of Revision to City Subdivision Ordinance

The review will:

- Result in a revised, user friendly ordinance
- Insure conformance to state law, local practice and local terminology
- Adopt by reference Parkland Dedication and Sidewalk Ordinance, Standard Specification for Public Improvement, Fire Code, and Storm Water Drainage Manual
- Address conflicts with county regulations where appropriate

Specific points to be reviewed are:

- Restructure language/definitions to conform to state law and local practice
- Clarify process, submittal requirements, review and approval process and expirations of approvals for:
- Concept plan, preliminary plat, final plat, minor subdivision/re-subdivision, plat vacation
- Define vesting and its applicability
- Clarify developer responsibility for on-site/off-site improvements
- Clarify rough proportionality and appeal process
- Adopt regulation regarding private streets
- Require City standard for all private water and sewer system
- Create clear distance requirement for extension of water/sewer
- Clarify performance bond and maintenance bond requirements for public improvements
- Review conformance with county standards, as applicable to ETJ subdivisions - roads, minimum lot sizes on-site septic requirements
- Clarify plat requirement prior to permit

Projected Timeline of Review

06/14/11	City Council review of process/scope
06/16/11	Planning and Zoning Commission review of process/scope
07/31/11	Draft document completed by staff Reviewed by County Surveyor Office
08/18/11	Present draft to Planning and Zoning Commission for review and recommendation
09/13/11	Present Planning and Zoning Commission recommendation to City Council
Late September	Present to user groups for information and review, review group to include local surveyors/engineers/DSCAT
10/06/11	Planning and Zoning Public Hearing
10/25/11	City Council Public Hearing First ordinance reading
11/08/11	Second (final) ordinance reading

Agenda Item:

7B. Update on library statistics.

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

SUBJECT: Update on Library Statistics

FOR AGENDA OF: June 14, 2011

DATE SUBMITTED: June 2, 2011

SUBMITTED BY: Daniel C. Schwartz
Library Director

CLEARANCES: Kim Meisner 
Director of General Operations

EXHIBITS: Circulation Statistics, Patron Statistics, Statistics By Fiscal Year,
Basket of Books

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

After going live on our new Integrated Library System (ILS) Millennium on January 24, 2011, the Butt-Holdsworth Memorial Library (BHML) has been able to provide more accurate statistics. The library presents the statistics as of May 31, 2011.

This will be our last report on the Basket of Books program. The Basket of Books program started April 17, 2011. The program stopped on May 21, 2011 when the library closed to the public.

RECOMMENDED ACTION

This item is presented for information only, no action is required at this time.

Butt-Holdsworth Memorial Library Circulation Counts as of 05/31/2011		
Location	Current Checkouts	Total Checkouts
Kerrville (within City limits)	8815	32233
Kerr County	8257	27848
Kerrville - Kerr County	5553	18793
Bandera - Kerr County	33	44
Camp Verde - Kerr County	3	7
Center Point - Kerr County	413	1740
Comfort - Kerr County	18	77
Harper - Kerr County	38	75
Hunt - Kerr County	336	1463
Ingram - Kerr County	1476	4545
Mountain Home - Kerr County	387	1104
Bandera County	22	121
Edwards County	39	59
Gillespie County	77	722
Kendall County	5	95
Kimball County	3	52
Real County	7	61
Bexar County	0	39
State of Texas	3	123
Out of State	2	111
Total:	17230	61464
Kerrville %	51.16%	52.44%
Kerr County %	47.92%	45.31%
Adjacent Counties %	0.89%	1.81%
State of Texas %	0.02%	0.26%
Out of State %	0.01%	0.18%
NOTE: "Total Checkouts" column includes only circulation statistics since the implementation of Millennium on 1/24/11.		

Butt-Holdsworth Memorial Library Patron Count Report as of 05/31/2011					
Location	Juvenile 0-12 years	Young Adult 13-17 years	Adult 18-64 years	Seniors 65+ years	Totals
Kerrville (within City limits)	152	64	1049	597	1862
Kerr County	84	51	833	492	1460
Kerrville - Kerr County	51	32	487	323	893
Bandera - Kerr County	0	0	2	0	2
Camp Verde - Kerr County	0	0	1	1	2
Center Point - Kerr County	6	5	82	40	133
Comfort - Kerr County	0	0	4	4	8
Harper - Kerr County	1	2	9	2	14
Hunt - Kerr County	3	2	49	28	82
Ingram - Kerr County	19	5	156	78	258
Mountain Home - Kerr County	4	5	43	16	68
Bandera County	0	0	12	5	17
Edwards County	0	0	0	1	1
Gillespie County	0	0	29	8	37
Kendall County	0	0	6	2	8
Kimball County	0	0	3	0	3
Real County	0	0	1	2	3
Bexar County	0	0	1	0	1
State of Texas	0	0	10	4	14
Out of State	0	0	6	6	12
Total:	236	115	1950	1117	3418
% of Card Holders				% of Card Holders	
Kerrville %	54.48%		Juvenile %		6.90%
Kerr County %	42.72%		Young Adult %		3.36%
Adjacent Co. %	2.02%		Adult %		57.05%
State of Texas %	0.76%		Seniors %		32.68%
Out of State %	0.35%		Total:		100.00%

Butt-Holdsworth Memorial Library
Fiscal Year Statistics as of 5/31/2011

Statistics	FY05	FY06	FY07	FY08	FY09	FY10	FY11 to date
Circulation of Library Materials	186,131	183,232	175,520	176,866	183,606	168,816	123,082
Reference Transactions	24,105	27,680	25,912	31,721	28,052	24,564	13,671
Gate Count	169,104	170,566	165,167	167,548	161,458	160,401	96,942
Internet/Electronic Resource Use	47,209	48,025	48,951	53,913	51,972	49,316	28,955
Born to Read Program Started FY09	0	0	0	0	65	390	230
Summer Program Participants	1,837	1,987	1,380	1,664	3,187	3,249	N/A

NOTE: "FY11 to date" column includes circulation statistics from Galaxy from the time period 10/01/2010 – 1/23/2011.

Butt-Holdsworth Memorial Library Basket of Books Program as of 5/21/2011 *						
Location	Participants - April 17-23, 2011	Participants - April 24-30, 2011	Participants - May 1-7, 2011	Participants - May 8-14, 2011	Participants - May 15-21, 2011	Total Current Participants
Kerrville (within City limits)	67	63	31	51	20	232
Kerr County	50	53	43	41	13	200
Kerrville - Kerr County	35	44	19	24	10	132
Bandera - Kerr County	0	1	0	0	0	1
Camp Verde - Kerr County	0	0	0	0	0	0
Center Point - Kerr County	4	2	5	3	1	15
Comfort - Kerr County	0	0	0	0	0	0
Harper - Kerr County	1	0	0	0	0	1
Hunt - Kerr County	3	2	0	2	0	7
Ingram - Kerr County	6	4	13	8	2	33
Mountain Home - Kerr County	1	0	6	4	0	11
Bandera County	0	0	0	0	0	0
Edwards County	0	1	0	0	0	1
Gillespie County	2	0	1	0	0	3
Kendall County	0	0	0	0	0	0
Kimball County	0	0	0	0	0	0
Real County	0	0	0	0	0	0
Bexar County	0	0	0	0	0	0
State of Texas	0	0	0	0	0	0
Out of State	0	0	0	0	0	0
Total:	119	117	75	92	33	436
Week	# Checked Out					
April 17-23, 2011	3130					
April 24-30, 2011	3273					
May 1-7, 2011	2390					
May 8-14, 2011	2260					
May 15-21, 2011	1375					
Total:	12428					

* The Basket of Books Program concluded at close on 5/21/2011.

Agenda Item:
(Staff)

7C. Economic update.

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

SUBJECT: Kerrville Budget/Economic Update

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 1, 2011

SUBMITTED BY: Mike Erwin *per*
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Economic Update
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *MP*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City of Kerrville staff will present and update Council on a biweekly basis as to the status of the City's budget and current economic trends affecting the City.

RECOMMENDED ACTION

No action required information purposes only.

CITY OF KERRVILLE
ECONOMIC UPDATE AS OF June 8, 2011

	Current Month	Previous Month	1 Year Ago	Trend	Current Month
National					
Unemployment	9.10%	9.00%	9.60%	↑	May
Consumer Confidence	60.8	66	652.7	↓	April
1 year T-Bills	0.17%	0.17%	0.34%	↔	6/7/11

State					
Monthly Unemployment	7.70%	8.10%	7.90%	↓	April
Monthly Sales Tax	\$1,866.4m	\$1,603.8m	\$1,675.5m	↑	April

Local					
Monthly Unemployment (Kerr Co.)	6.10%	6.30%	6.10%	↓	April
Median Listing Price	\$219,000	\$210,000	\$215,000	↑	6/1/11
Monthly Sales Tax	\$371,346	\$469,531	\$365,192	↑	June
Monthly EIC Tax	\$185,673	\$234,742	\$182,429	↑	June
Monthly HOT	\$92,608	\$75,049	\$85,167	↑	May

	FY11 Budget	FY11 as of 05/31/2011	FY11 % Received	FY10 as of 05/31/2010	FY10 % Received
General Fund					
Tax Revenue	\$14,647,100	\$12,329,075	84.17%	\$11,896,523	79.02%
Property Tax	\$8,240,000	\$8,020,674	97.34%	\$7,899,540	93.28%
Sales Tax	\$4,500,000	\$3,119,735	69.33%	\$2,947,818	63.75%
Permits & Fees	\$402,450	\$228,450	56.76%	\$214,758	57.93%
Intergovernmental	\$707,013	\$526,908	74.53%	\$468,876	67.45%
Service Revenues	\$2,578,260	\$1,616,039	62.68%	\$2,016,172	60.89%
Grant Revenue	\$10,000	\$27,515	275.15%	\$10,525	105.25%
Fines & Forfeitures	\$477,710	\$379,337	79.41%	\$323,810	64.18%
Interest & Misc.	\$235,372	\$230,328	97.86%	\$391,695	85.11%
Transfers In	\$1,000,000	\$666,667	66.67%	\$845,935	67.09%
Total General Fund	\$20,057,905	\$16,004,319	79.79%	\$16,168,293	74.62%
Total General Fund Expenditures	\$20,057,905	\$12,681,733	63.23%	\$14,188,041	63.19%
Water/Sewer Fund					
Water Sales	\$4,400,000	\$3,183,758	72.36%	\$2,578,726	62.99%
Sewer Sales	\$3,760,000	\$2,374,372	63.15%	\$2,455,554	71.17%
Other Revenue	\$782,124	\$633,241	80.96%	\$547,300	81.75%
Total Water & Sewer Fund	\$8,942,124	\$6,191,371	69.24%	\$5,581,579	57.96%
Total W&S Fund Expenditures	\$9,242,124	\$5,876,110	63.58%	\$5,529,047	58.36%

Agenda Item:
(Staff)

8A. Appointment to the Kerr Economic Development Corporation.

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

SUBJECT: Consider appointment of a Director to represent the Kerrville City Council on the Board of Directors for the Kerrville Economic Development Corporation.

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 9, 2011

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: Kerrville Economic Development Corporation By-laws
Kerrville Economic Development Corporation Program Overview

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The City Council has appointed the City Manager to serve as the City Council's representative to the Board of Directors for the Kerrville Economic Development Corporation (KEDC) for the City's initial term of 1 year. Future appointments will carry terms of 3 years with a limit of 6 years of continuous board membership. With the expiration of the initial term to occur at the end of June 2011, it is time for the City Council to consider its appointment for the next full term.

KEDC's Board of Directors consists of 9 members. These members include representatives of the City of Kerrville, Kerr County, Kerrville Area Chamber of Commerce, Kerrville Convention and Visitors Bureau, Kerrville Public Utility Board, Kerrville Independent School District, Kerrville Economic Improvement Corporation, and two at-large representatives of the local business community.

Current board member appointments are:

Trevor Hyde, President (Kerrville Area Chamber of Commerce)
Don Barnett, Vice President (At-Large Business Member)
Todd Parton, Secretary/Treasurer (City of Kerrville)
Sudie Burditt (Kerrville Convention and Visitors Bureau)
Tom Houdeshell (At-Large Business Member)

Tracy McCuan (Kerrville Public Utility Board)
Judge Pat Tinley (Kerr County)
Jack Pratt (Kerrville Economic Improvement Corporation)
Dr. Dan Troxell (Kerrville Independent School District)

The City Council may appoint whomever it deems appropriate, including one of its own members. Article VII. Directors and Officers of the KEDC By-laws (attached to this report) contain the provisions for board appointments.

Also attached this report is a copy of the adopted program overview for the KEDC. This overview shows the desired outcomes and priorities for the KEDC. Outcomes and priorities have been established according to short, intermediate and long-term planning horizons.

RECOMMENDED ACTION

Staff recommends that the City Council consider an appointment that excludes city staff in order to ensure that any potential or perceived conflicts of interest that may arise due to the roles and responsibilities of city staff are mitigated.

KEDC By-laws

By-laws of Kerrville Economic Development Corporation

Article I. Name and Location

The Kerrville Economic Development Corporation is incorporated under the laws of the State of Texas as a not-for-profit corporation. Its principal office shall be located within Kerrville, Texas as designated by the Board of Directors, hereinafter referred to as "KEDC".

Article II. Statement of Purpose

The purpose of the corporation is *to be a leader in economic development for the City of Kerrville and Kerr County, Texas by facilitating meaningful activities that promote growth, retention and prosperity.* Particular attention and emphasis shall be given to support the economic, commercial, tourism, agriculture, recreational, quality of life, health care, cultural, industrial, research and educational interests of the city and county that directly broadens the tax base.

More specifically, the purpose of the KEDC is as follows:

- A. Promote assets and other resources which will enhance economic growth;
- B. To render assistance and encouragement to existing businesses and promote on-going economic activities to ensure their continued operation and growth;
- C. To identify, meet and negotiate with potential new industries and other potential new business enterprises best suited to the resources of Kerrville and Kerr County, Texas;
- D. To actively promote specific industrial, commercial and retail sites and buildings as locations suitable for new business and industry;
- E. To encourage the development and implementation of a county-wide economic development plan, working in close liaison with the local chamber of commerce, development corporations, community organizations, educational and academic institutions, and allied agencies to accomplish this objective;
- F. Upon request, to provide technical assistance to the City and County Government to assist them in becoming more successful in the recruitment of new industry and other businesses which meet the needs of their citizens.

The corporation shall observe all local, state, and federal laws, which apply to non-profit organizations as defined in Section 501(c)(6) of the Internal Revenue code.

Article III. Objective

The primary objective of the Kerrville Economic Development Corporation is to mobilize the intellectual capital, financial, and physical resources of the community so that a systematic and meaningful program for upgrading the economic status of the community is in place.

Article IV. Limitation of Methods

While being non-partisan, the KEDC will stress promotion and conduct of activities designed to improve the economy. Educational efforts involving national, state and local political issues relating to economic development will be a part of the KEDC's overall program. The KEDC, however, will not lend its influence to the election of any candidate for any political office.

Article V. Registered Office

The registered office of the corporation required by the Texas Business Corporation Law to be maintained in the State of Texas may be, but need not be; identical with the principal office in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article VI. Operational Limitations

Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law), or (2) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law).

- A. No substantial part of the activities of the corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation, unless by appropriate election a greater part is permitted without jeopardizing the corporation's exemption under IRC Section 501(c)(6). The corporation shall neither participate in, nor intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office, including the publishing or distribution of any statements.
- B. No part of the net earnings or net income of the corporation shall inure to the benefit of any private individual or officer or director of the corporation. Nothing herein, however, shall prohibit the corporation from paying to officers, directors, employees or others reasonable compensation for personal services rendered which are necessary to carrying out the exempt purposes of the corporation.

Article VII. Directors and Officers

- A. Except as otherwise required by law or provided by these bylaws, the entire control of the Kerrville Economic Development Corporation and its affairs and property shall be vested in its Board of Directors.
- B. Incorporators of the Corporation shall serve as Initial Directors of the Corporation for the first (60) sixty days. Directors, there after of the Corporation shall serve (1) one year, (2) two year and full three (3) year terms.
- C. The Board of Directors shall consist of elected and appointed directors. Definitions of these categories follow:
 - 1. Two (2) elected directors shall be elected by majority vote of the board and serve a term of three (3) years.
 - 2. Appointed directors shall serve three (3) year terms. These directors will be appointed one each by the Kerr County Commissioners Court, Kerrville Public Utilities Board, Kerrville City Council, Kerrville Independent School Board, Kerrville Economic Improvement Corporation, Kerrville Area Chamber of Commerce, and Kerrville Convention and Visitors Bureau.
 - 3. Directors are eligible to serve two consecutive terms, however they shall not be eligible for election thereafter until at least one (1) year has lapsed.
 - 4. Upon adoption of the by-laws, the initial terms for the board of directors shall be as follows:
 - a. The directors representing the first business representative, the Kerrville Area Chamber of Commerce and the Kerr Economic Improvement Corporation shall serve a three (3) year term.
 - b. The directors representing the second business, the Kerrville Public Utilities Board and the Kerrville Independent School District shall serve a two (2) year term.
 - c. The directors representing the Convention and Visitors Bureau, the Kerr County Commissioners Court and the Kerrville City Council shall serve a one (1) year term.
- D. The Board of Directors shall consist of nine (9) directors. All directors shall have voting privileges.

- E. The Corporation will strive to have a diversification of industry Directors representing both the public and private sectors.
- F. Any officer or director elected or appointed by the Board of Directors may be removed by a two-thirds (2/3) vote of the Board of Directors whenever in its judgment the best interest of the corporation shall be served thereby.
- G. At the annual meeting, directors to succeed those whose terms expire, shall be chosen by the directors by written ballot unless there is only one (1) nominee for each open seat, in which event a voice vote may be taken. A majority of Directors shall constitute quorum. The majority elects.
- H. The officers of the corporation shall be elected by the Board of Directors and shall consist of a President, Vice President, and Secretary/Treasurer.
- I. The duties of the officers shall be as follows:
 - 1. The President is the principal officer of the organization and presides at meetings of the Board of Directors. The President shall establish meeting agendas, appoint committee members, appoint committee chairpersons, and upon recommendation, appoint committee's membership. The President can sign legal contracts for the corporation as authorized by the board. The President is authorized to sign checks on behalf of the corporation in the absence of the Secretary/Treasurer.
 - 2. The Vice President performs the duties of President in their absence.
 - 3. The Secretary/Treasurer:
 - a. shall serve as corporate secretary of KEDC and issue notices of meetings, keeps records and distributes minutes of meetings.
 - b. has care and custody of all funds and property of the corporation under direction of the Board of Directors. Funds shall be kept on deposit in financial institutions or invested in a manner approved by the Board of Directors.

Checks over \$500 shall have two (2) signatures (President or Vice President and Director of Economic Development.)

The Secretary/Treasurer shall submit monthly reports and shall render other reports whenever requested to do so by the Board of Directors. The Treasurer shall cause to have deposited all funds in the name of the corporation in such bank(s) as designated by the Board.

4. If any vacancy shall occur in any officer's position the Board shall elect a member of the corporation to fill such a vacancy for the unexpired term of the person being replaced.

J. The Board of Directors shall employ a professional Executive Director. The Executive Director shall be responsible for the general and active management of the business of the corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect; shall perform such duties as the Board of Directors may prescribe; and shall be responsible for the hiring, supervising, evaluation, and dismissal of all employees of the corporation, after consulting with the Board of Directors. The Executive Director reports directly to the Board of Directors.

K. **Kerr Economic Development Executive Director.** The KEDC Board may employ a full time Executive Director who will serve at the pleasure of the KEDC Board.

1. S/He will be supervised by and evaluated by the KEDC Board.
2. Compensation for the Executive Director shall be determined by the KEDC Board.
3. S/He shall be the chief administrative officer of the KEDC
4. S/He shall see that the purpose of the KEDC and its strategic and business plans are carried into effect
5. S/He shall attend KEDC meetings as may be determined by the board of directors
6. S/H is a non-voting member of the board of directors.
7. S/He shall have the authority to hire and remove all subordinate employees after consultation with the KEDC Board.

L. **OTHER PERSONNEL**

1. The KEDC Board may authorize the Executive Director to hire additional staff as the need dictates, subject to budget constraints.
2. S/He will be supervised by and evaluated by the EDC Executive Director. Compensation of subordinate employees shall be determined by the EDC Board, at the recommendation of the Executive Director.

M. **Compensation**

Members of the KEDC Board shall serve without compensation for their services but may be reimbursed for expenses actually incurred in the performance of their duties.

N. Vacancies

In the case of death, incapacity, resignation or disqualification of any director, the entity making the appointment shall appoint another director for the unexpired term of such deceased, incapacitated, resigned or disqualified director.

O. Attendance

The Secretary/Treasurer or President shall report attendance of directors for each regularly scheduled and special meeting. The appointing entity shall be notified by the Secretary/Treasurer or President in writing should their appointed director be absent from three (3) consecutive KEDC meetings. The appointing entity shall have sixty (60) days to either provide a replacement or provide a written statement to KEDC that they have excused the absences.

P. Public Liability and Errors & Omission Insurance

Members of the Economic Development Corporations Board and its executive director shall be insured against public liability and errors and omissions insurance by KEDC.

Article VIII. Meetings and Elections

- A. All directors shall have the right to take part in all discussions and to vote, except that any director who has a conflict of interest in regard to any proposal or matter under consideration by the KEDC shall disqualify themselves from voting. A director must be present to vote.
- B. An annual meeting of the Board of Directors shall be held during the month of January at which Directors and Officers shall be elected.
- C. Regular meetings of the Board of Directors shall be called by the President or by a majority of directors in office at the time.
- D. A majority of directors in office, at the time, shall constitute a quorum for any regular or special meeting of the board.
- E. Election of directors and officers shall be by written ballot unless there is but one nominee for each office or position, in which even a voice vote may be taken.
- F. A budget and work plan must be adopted no later than June 1st of each year.

Article IX. Committees

The President, by and with the approval of the Board, shall appoint such additional Committees as are needed to facilitate the work of the corporation. The Board shall authorize and define the powers and duties of such committees or task forces.

Article X. Finances and Records

- A. The fiscal year of the corporation shall be January 1 to December 31, inclusive.
- B. The financial and legal records for the corporation shall be kept at the principle office of the corporation. A Certified Public Accountant shall be engaged to perform an annual audit.
- C. The KEDC may accept gifts, donations and grants from any legal source to aid in carrying out its economic development programs.
- D. KEDC shall invest in securities and acquire property as may be determined by its investment policy that is approved by the Board of Directors.
- E. Upon approval of the budget, the Treasurer is authorized to prepare disbursements on accounts and expenses provided for in the budget without approval of the Board of Directors. Disbursements shall be by check.

Article XI. Rules of Procedure

The rules of procedure at meetings of the directors shall be according to Robert's latest book on parliamentary procedure so far as applicable and when not inconsistent with these Bylaws.

Article XII. Amendments

These Bylaws may be amended or revised by a two-thirds (2/3) vote of the Board of Directors, providing that written notice of at least fourteen (14) days of the date of the meeting includes the proposed amendments or revisions.

Article XIII. Indemnification

Each Director, officer and employee of the corporation, past or present, and each person who serves or may have served at the request of the Corporation, past or present, and each person who serves or may have served at the request of the Corporation as Director, officer, employee, representative or agent, and the respective heirs, administrators and executors of such persons, shall be indemnified by the Corporation in accordance with, and to the fullest extent permitted by Texas Statutes. The Corporation shall not be obliged to indemnify any other person or entity, except to the extent such obligation shall be specifically approved by the Board of Directors. The Board of Directors shall have the power to advance to such persons expenses incurred in defending any such proceedings to the maximum extent

permitted by law. This section is and shall be for the sole and exclusive benefit of the individuals designated herein and no individual, firm or entity shall have any rights under this section by way of assignment, subrogation or otherwise, whether voluntary, involuntary, or by operation of law. The Board of Directors may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, against any liability asserted against and incurred by such person in his or her official capacity, or arising out of their status as such whether or not the Corporation would have the power to indemnify such person against liability under Texas Statutes, the Articles of Incorporation, or the Bylaws.

Article XIV. Miscellaneous

Corporate Seal. The corporation shall have no seal.

Article XV. Dissolution

Upon dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(6) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to Kerrville Economic Improvement Corporation for a public purpose.

These by laws have been adopted this 1st day of July, 2010.

KEDC Program Overview

Kerrville Economic Development Corporation Economic Development Program Overview

The program overview includes the desired outcomes, performance metrics, priorities, and expectations for the new economic development program. It is vital that expectations be clearly identified and that they are also reasonable and obtainable. To that end, the desired outcomes and priorities have been stratified to address short term, intermediate term and long term needs/issues.

These timelines are defined as follows:

Short Term = Within 6 Months
Intermediate Term = 6 to 24 Months
Long Term = More than 24 Months

Programming for the restructured economic development program has been based upon the Kerrville/Kerr County Economic Development Strategic Plan. This is an official document adopted by both the City and the County and is the “map” by which economic development efforts and resources will be allocated.

Desired Outcomes

Short Term (Within 6 Months)

1. Identify the top three (3) business markets for the Kerr County and the City of Kerrville.
2. Develop, plan and implement a marketing strategy for the Kerr County area.
3. Conduct a survey of 20 to 30 Kerr County area businesses within the top three (3) identified business markets to determine the challenges and opportunities faced by the business sector.
4. Identify the business clusters for Kerr County and City of Kerrville.

Intermediate Term (6 to 24 Months)

1. Increase wage growth in Kerr County and City of Kerrville that is faster than that for the State of Texas by at least 5%, excluding government employees.
2. Increase employment growth in Kerr County and the City of Kerrville at a rate faster than that for the State of Texas by at least 5%, excluding government employees.
3. Grow Kerr County and City of Kerrville sales tax at a rate that is equal to or greater than that for the State of Texas.
4. Expand local options, above baseline 2010 levels, in retail subsectors (other than building supply stores) including expanded hours of operation.
5. Expand local hotel inventory, above baseline 2010 levels, to include higher rated facilities. This may be achieved either through expansion or upgrade of existing facilities.

6. Experience a significant level of reinvestment in commercial properties along the City's primary corridors, river front properties, and Central Business District.

Long Term (Greater than 24 Months)

1. Increase the proportionate share of non-residential property value for the City of Kerrville from 30% to 50% over the next 10 years.

Performance Metrics

Indicators of performance are based upon the concepts of utility, validity, reliability, precision, feasibility, and cost in collecting and monitoring data. These indicators directly reflect the desired outcomes, priorities, and expectations outlined above. They are also readily obtainable and routine sources of information that may provide a solid historical perspective as well.

1. Indicator – Property Tax Revenues.
2. Indicator – HOT Revenues.
3. Indicator – Sales Tax Revenues.
4. Indicator – Utility Revenues.
5. Indicator – Growth/Reduction of Utility Accounts (Water and Electric).
6. Indicator – Change in Non-Residential Tax Base.
7. Indicator – Non-Residential Building Permit Activity.
8. Indicator – Value of New Non-Residential Construction.
9. Indicator – Value of Non-Residential Remodel and Expansion.
10. Indicator – Residential Building Activity.
11. Indicator – Value of New Residential Construction.
12. Indicator – Change in Employment.
13. Indicator – Economic Development Incentive Applications.
14. Indicator – Self-Initiated Business Contacts.
15. Indicator – Organization-Initiated Business Contacts.
16. Indicator – Tourist Visits.

Priorities

Short Term (Within 6 Months)

1. Establish performance-based economic development benchmarks.
2. Meet with all economic development partners and key stakeholders and keep them fully informed and engaged on an ongoing basis.
3. Develop a marketing strategy and marketing implementation plan.

Intermediate Term (6 to 24 Months)

1. Work with public sector entities to adopt/update appropriate economic development incentives that are competitive with other regions while protecting the tax base.

2. Establish development processes to make it faster and more affordable for small businesses to locate, to relocate, and to expand in Kerr County and the City of Kerrville.
3. Present Kerr County and the City of Kerrville economic development efforts to state and national elected officials as well as the media on an ongoing basis.
4. Create a unified development for Kerr County and the City of Kerrville by:
 - a. Developing a Kerr County/City of Kerrville web portal,
 - b. Developing an e-newsletter to send to prospects and constituents,
 - c. Targeting tourists by placing economic development material(s) in hotel rooms and other tourist destinations,
 - d. Developing products that are designed specifically for the top identified business markets and using them to maintain constant contact with those business markets, and
 - e. Targeting retail developers by:
 - i. Exhibiting at the annual ICSC conference in San Antonio, and
 - ii. Making marketing visits to nearby metropolitan areas, e.g. San Antonio, Austin, Dallas (high tech), and Houston.

Long Term (Longer than 24 Months)

1. Work with public sector entities to seek project-based developments.
2. Annually review the economic development incentives programs with Kerr County and the City of Kerrville to ensure they are tailored to the targeted business markets and business clusters and that they remain appropriate to existing market conditions while protecting the tax base.
3. Ensure that economic opportunity and advancement are available to all Kerr County and City of Kerrville residents by growing the middle class through:
 - a. Expanded workforce training and skills development,
 - b. Addressing attainable housing issues:
 - i. Host a Kerr County/City of Kerrville summit on attainable housing,
 - ii. Coordinate local housing initiatives with key public sector, quasi public sector, and local non-profit entities, and
 - iii. Facilitate local housing projects with appropriate private sector entities.
4. Launch a local marketing campaign to involve residents in economic development – e.g. organize volunteers into a “Prosperity Team” charged with promoting the area.
5. Market Kerr County and the City of Kerrville to alumni of local educational institutions:
 - a. Create a “Come Back to Kerrville” web page aimed at high school and college alumni, and
 - b. Promote Kerr County and the City of Kerrville at class reunions and other festivals.

Expectations

1. Create effective marketing tools to include web based products and collateral materials.
2. Devise a proactive retail recruitment strategy for regional and national retail prospects.
3. Create and maintain an inventory of available land and buildings suitable for targeted economic development prospects.
4. Coordinate economic development activities and programs with public sector entities.
5. Actively recruit targeted retail prospects.
6. Enhance opportunities for local entrepreneurship and growth of small, local business.
7. Market Kerr County and the City of Kerrville to specific economic development targets.
8. Serve as the primary point of contact for new business prospects and local businesses looking to expand.
9. Ensure that community economic development programs (to include predefined incentives) and initiatives are implemented.
10. Take the lead in coordinating efforts of economic development partners and allies of Kerr County and the City of Kerrville.
11. Provide a respected avenue for local business and industry to discuss their needs and issues.
12. Provide regular reporting to show monthly departmental activity, monthly financial statements, and an annual comprehensive reporting package to show the degree to which annual performance measures have been met.
13. Conduct quarterly community meetings for all economic development stakeholders.

Agenda Item:
(Staff)

8B. Appointment to the Planning and Zoning Commission.

**BUSINESS OF THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Appointment to the Planning and Zoning Commission

FOR AGENDA OF: June 14, 2011 **DATE SUBMITTED:** June 1, 2011

SUBMITTED BY: Brenda G. Craig, *BC* **CLEARANCES:**
City Secretary

EXHIBITS: P&Z Board List

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

SUMMARY STATEMENT

Consider appointment to the following board:

Planning and Zoning Commission: One term due to expire on January 1, 2013, due to the resignation of Tony Roberts.

RECOMMENDED ACTION

Consider appointment.

PLANNING AND ZONING COMMISSION

	<u>Telephone</u>	<u>Orig. Appt.</u>	<u>Re-Appt. Date</u>	<u>Exp. Date</u>
KESSLER, JAMES Vice-Chairperson 131 Homestead	895-7831 (H)	04-12-05	12-14-10	01-01-13
BUELL, HAROLD 1214 Jack Dr.	896-0114 (O) 895-2444 (H)	01-09-07	01-12-10	01-01-12
MACDONALD, JUSTIN 2951 Fall Creek Road	257-5323 (O) 896-4821 (H)	06-24-08	01-11-11	01-01-13
ROBERTS, TONY 2390 Memorial Blvd.	895-1676 (O) 896-5374 (H)	08-24-10	01-11-11	01-01-13
WATTERSON, DAVID 177 Phoenix Dr.	895-4048 (O) 377-6400 (H)	01-12-10		01-01-12

ALTERNATES:

SIGERMAN, MICHAEL 154 Wharton Rd.	305-498-1602(O) 895-7765 (H)	01-12-10	01-11-11	01-01-13
McRAE, CHASTAN 705 Leland St.	377-3710 (O)	09-28-10		01-01-12

COUNCIL LIAISON:
Carson Conklin
720 Earl Garrett
895-5202 (O)

CITY STAFF:
Gordon Browning
Senior Planner
258-1184 (O)

Qualifications: At least four of the regular members shall be residents and eligible voters of the city; one regular member may reside in the city's extraterritorial jurisdiction (ETJ) and must be an eligible voter of Kerr County. At least one alternate member shall be a resident and eligible voter of the city; one alternate member may reside in the city's extraterritorial jurisdiction (ETJ) and must be an eligible voter of Kerr County.

Powers and Duties:

1. Shall formulate and recommend to the city council for adoption a Comprehensive Plan for the orderly growth and development of the city and its environs. On a yearly basis the commission shall review and if necessary recommend such changes in the plan as it finds will facilitate the movement of people and goods, and the health, recreation, safety and general welfare of the citizens of the city.
2. Shall formulate a zoning plan (ordinance) as may be deemed best to carry out the goals of the Comprehensive Plan; hold public hearings and make recommendations to the city council relating to the creation, amendment, and implementation of zoning regulations and districts as provided in state law.
3. Shall exercise all powers of a commission as to approval or disapproval of plans, plats, or replats as set out by state law and the city's subdivision regulations.

4. Shall initiate for consideration at public hearings, proposals for the original

zoning of annexed areas or for the change of zoning district boundaries on an area wide basis.

5. Shall consider and take appropriate action, upon written request, variances as prescribed to the city's subdivision and sign regulations.
6. Shall from time to time recommend such changes to the subdivision regulations, sign regulations, and any other ordinance the city council assigns to their review that will facilitate the general health, safety and welfare of the citizens of the city.

Term of Office:	Two years. No regular member shall serve more than three consecutive full terms on the Commission without having at least one full year off the Commission between terms.
Quorum:	Three (may include an alternate member but only where substitution for and acting as a regular member)
Number of Members:	Five regular members and two alternates.
Meeting Time & Place:	First and third Thursdays, 4:30 p.m., City Hall
Absences:	Any member who is absent from twenty-five percent (25%) of the board's regular meetings during any twelve (12) month period, or who is absent from any three (3) consecutive regular meetings, shall be considered for removal by the city council. The staff member has the responsibility of reporting a member's non-attendance to the city council in writing, and the city secretary shall notify the board member in writing that their non-attendance has been reported to the city council. However, a member whose absences are directly related to a medical or family emergency may seek consideration from the board upon which they serve to qualify such absences as excused.
Established by:	Minutes of 12-18-44 Council meeting; amended by Ordinance Nos. 1979-37, 1987-24, and 2008-24 (which deleted from Code of Ordinances book Chapter 82 – Article II – Sections 82-31 through 82-36 and rolled into Zoning Code which is not codified)
Revised:	May 25, 2011

Agenda Item:
(Staff)

8C. Appointment to the Zoning Ordinance Input Committee.

Consider appointment.

ZONING ORDINANCE INPUT COMMITTEE (ZOIC)

	<u>Telephone</u>	<u>Appt. Date</u>
MOSTY, JOHN Chair 2313 Trails End	257-2134 (H)	01-27-2009
BUFFINGTON, BEVERLY 608 Overhill Drive	257-7100 (O) 257-3440 (H)	01-27-2009
MacDONALD, T. JUSTIN 524 Oakland Hills Lane	257-5323 (O) 896-4821 (H)	11-10-2009
STARKEY, III, A.L. "CURG" 1006 A Junction Highway	895-4040 (O) 895-4686 (H)	01-27-2009
SCHELLHASE, WALTER 529 Water Street	896-6420 (H)	09-08-2009
ZUBER, RUSTIN 514 East Lane	895-2829 (H) 377-0329 (C)	01-25-2011

*VACANT

STAFF MEMBER:

Kevin Coleman	258-1183 (O)
Director of Development Services	896-0517 (F)
800 Junction Highway	

COUNCIL LIAISON:

Carson Conklin	895-5202 (O)
720 Earl Garrett	

Qualifications: Residents of the City of Kerrville

Powers and Duties: 1) Organize committee; 2) Arrange meeting schedule and location, with the fundamental goal that meeting times and locations be as accessible as possible to encourage public input; 3) Educate itself on the City's existing Zoning Ordinance (Ordinance No. 97-07); 4) Review the Zoning Ordinance and map for conformance with the City's land use plan and comprehensive plan updates; 5) Review the Zoning Ordinance for any deficiencies, voids, inconsistencies, inefficiencies, and technical errors; 6) Upon completion of the draft ordinance by staff and reviewed by the planning and zoning commission, ZOIC will be asked to review and comment on the document.

Term of Office: Completion of review of draft ordinance

Quorum: Four

Number of Members: Seven

Meeting Time & Place: At the call of the committee

Established by: Resolution No. 008-2009

Revised: January 26, 2011