



ECONOMIC IMPROVEMENT CORPORATION AGENDA
MONDAY, NOVEMBER 14, 2022, 4:00 PM
Kerrville City Hall Council Chambers
701 Main Street, Kerrville, Texas

1 CALL TO ORDER:

2 INVOCATION:

3 VISITORS / CITIZENS FORUM:

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

4 APPROVAL OF MINUTES:

- 4.A Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 17, 2022.

Attachments:

[EIC Minutes 10-17-2022.pdf](#)

5 MONTHLY REPORTS:

- 5.A Kerr Economic Development Corporation (KEDC) update.

- 5.B Kerrville Economic Improvement Corporation (EIC) project status update including the following: - Tranquility Island Electrical Infrastructure - KERV Airport Improvements - Killdeer Mountain Manufacturing - Peterson Medical Center Campus Infrastructure Improvements.

Attachments:

[20221114_EIC Project Update 7 Nov 22.pdf](#)

- 5.C Monthly Financial Report.

Attachments:

[October 2022 financial presentation.pdf](#)

6 CONSIDERATION AND POSSIBLE ACTION:

- 6.A Consider the Project Funding Agreement between the City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas; for the development and construction of an extension to the City's River Trail from the Tranquility Island Bridge to the scenic Downtown Overlook (Pavilion).

Attachments:

[20221114_PFA Rivertrail Extension Overlook.pdf](#)

[20221116_Rivertrail Improvements.pdf](#)

[20221116_Rivertrail Map.pdf](#)

- 6.B Consider the Concept/Feasibility Study for an extension of the River Trail around Nimitz Lake.
- 6.C City Council 2022-2023 priority list of policies and programs.
- 6.D Discussion of EIC investments

Attachments:

[Investment Policy FY2023.pdf](#)

7 EXECUTIVE SESSION:

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

- 7.A Workforce Housing development projects. (551.071, 551.072, 551.087).

8 POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

9 ITEMS FOR FUTURE AGENDAS:

10 ADJOURN.

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

I hereby certify that this agenda was posted as notice of the meeting on the bulletin board at the City Hall of the City of Kerrville, Texas, and on the City's website on the following date and time: 11/10/2022 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting./

Kesha Franchina

Kesha Franchina, Deputy City Secretary, City of Kerrville, Texas



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

SUBJECT: Minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 17, 2022.

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** October 19, 2022

SUBMITTED BY: Kesha Franchina, Deputy City Secretary

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Approve minutes from the regular Economic Improvement Corporation (EIC) meeting held on October 17, 2022.

ATTACHMENTS:

[*EIC Minutes 10-17-2022.pdf*](#)

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION (EIC)
REGULAR MEETING – October 17, 2022**

On Monday, October 17, 2022, at 4:00 p.m., the regular meeting of the City of Kerrville, Texas Economic Improvement Corporation, was called to order by Vice-President Danny Almond, in the Council Chambers at City Hall, 701 Main Street, Kerrville, Texas.

MEMBERS PRESENT:

Danny Almond, Vice President
John Anderson (arrived at 4:47 p.m.)
Gregg Appel
Kyle Bond
Kim Clarkson, Councilmember Place 2

MEMBERS ABSENT:

Gregory Richards, President
Gary Cochrane

CHIEF EXECUTIVE STAFF PRESENT:

Michael Hornes, Assistant City Manager
Kim Meismer, Assistant City Manager
Mike Hayes, City Attorney
Kesha Franchina, Deputy City Secretary
Ashlea Boyle, Director of Parks and Recreation
Megan Folkerts, Senior Management Analyst
Julie Behrens, Director of Finance
Trina Rodriguez, Assistant Director of Finance

VISITORS PRESENT: No citizen speakers registered to speak during the Visitors/Citizens forum item 3.

1 CALL TO ORDER: Vice-President Richards called the meeting to order at 4:00 p.m.

2 INVOCATION: Gregg Appel led the invocation.

3 VISITORS / CITIZENS FORUM: None.

4 APPROVAL OF MINUTES:

4.A. Minutes from the regular Economic Improvement Corporation (EIC) meeting held on September 19, 2022.

Kyle Bond motioned to approve the minutes, and Gregg Appel seconded. The motion passed 4-0.

5 MONTHLY REPORTS:

5.A. Kerr Economic Development Corporation (KEDC) update.

Gil Salinas introduced Katy Milton Jordan, the new KEDC Manager of Business Development. Gil Salinas presented the KEDC project status update and responded to questions.

- 5.B. Kerrville Economic Improvement Corporation (EIC) project status update including the following:
- Tranquility Island Electrical Infrastructure
 - KERV Airport Improvements
 - Killdeer Mountain Manufacturing
 - Peterson Medical Center Campus Infrastructure Improvements.

Michael Hornes presented the EIC project status update, and responded to questions.

5.C. Monthly Financial Report.

Trina Rodriguez presented the Monthly Financial Report, and responded to questions. Julie Behrens, Mike Hayes and Michael Hornes responded to questions.

Vice-President Almond requested staff to provide investing guidelines. Gregg Appel motioned to authorize staff to invest up the 30% maximum between today and the next scheduled meeting, between the maturity the board currently has and any unvested funds. Kyle Bond seconded, and the motion passed 4-0.

6 PUBLIC HEARING AND POSSIBLE ACTION:

- 6.A. Project Funding Agreement between the City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas; for work regarding the conversion of above-ground utility lines to underground and streetscape improvements to the parking garage.

John Anderson entered the meeting at 4:47 p.m.

Megan Folkerts presented the project funding agreement, and responded to questions. Michael Hornes responded to questions.

Vice-President Almond opened the Public Hearing at 5:00 p.m.

Speakers were as follows:

- Mike Whittler, KPUB General Manager
- Melissa Southern, Local business owner and Main Street Advisory Board - Chair

Vice-President Almond closed the Public Hearing at 5:03 p.m.

Gregg Appel motioned to approve funding agreement with contingency subject to Kerrville Public Utility Board (KPUB) approval. Kim Clarkson seconded, and the motion passed 5-0.

- 6.B. Project Funding Agreement between the City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas; for the installation of a Fitness Court within Louise Hays Park.

Ashlea Boyle presented the project funding agreement, and responded to questions.

Vice-President Almond opened the Public Hearing at 5:00 p.m.

Speakers were as follows:

- Lisa Nye-Salladin, Parks and Recreation Advisory Board member
- Erik Silvius, Parks and Recreation Advisory Board member

Vice-President Almond closed the Public Hearing at 5:10 p.m.

Kyle Bond motioned to approve funding agreement with a contingency subject to Kerrville Public Utility Board (KPUB) approval. Gregg Appel seconded, and the motion passed 5-0.

- 6.C. Project Funding Agreement between the City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas; for the development and construction of an extension to the City's River Trail from the Tranquility Island Bridge to the scenic Downtown Overlook (Pavilion).

Ashlea Boyle presented the project funding agreement, and responded to questions.

Vice-President Almond opened the Public Hearing at 5:14 p.m.

Speakers were as follows:

- Kay Harter
- K. Michelle Yanez, Parks and Recreation Advisory Board member
- Elizabeth Hern
- Charlie Hueber, Parks and Recreation Advisory Board member -was not in attendance when called
- Melissa Southern, Local business owner and Main Street Advisory Board - Chair
- Bruce Stracke

Vice-President Almond closed the Public Hearing at 5:24 p.m.

Ashlea Boyle, John Hewitt - Engineer, and Michael Hornes responded to questions.

Kyle Bond motioned to table the project funding agreement until the November meeting. Kim Clarkson seconded, and the motion passed 5-0.

7 **EXECUTIVE SESSION:** None.

8 **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:** None.

9 **ITEMS FOR FUTURE AGENDAS:** None.

10 **ADJOURN.** Vice-President Almond adjourned the meeting at 5:51 p.m.

Minutes Approved: _____

President Gregory Richards: _____

Attest: Kesha Franchina, Deputy City Secretary: _____



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

SUBJECT: Kerr Economic Development Corporation (KEDC) update.

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** October 19, 2022

SUBMITTED BY: Gil Salinas , KEDC

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Information only; no action required.



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

SUBJECT: Kerrville Economic Improvement Corporation (EIC) project status update including the following: - Tranquility Island Electrical Infrastructure - KERV Airport Improvements - Killdeer Mountain Manufacturing - Peterson Medical Center Campus Infrastructure Improvements.

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** October 19, 2022

SUBMITTED BY: Michael Hornes, Assistant City Manager

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item?	Yes
Key Priority Area	N/A
Guiding Principle	N/A
Action Item	N/A

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Information only; no action.

ATTACHMENTS:

[20221114_EIC Project Update 7 Nov 22.pdf](#)

Monthly EIC Project Status Report

	Project Name	Description	Estimated Design Completion	Estimated Construction Completion	Comments
1	Tranquility Island Electrical Infrastructure	Partnership with City and Kerrville Christmas Lighting Corporation to help further enhance seasonal and Christmas lighting on Tranquility Island	Complete	Phase 1 Complete	Phase 1 construction complete. Final project closeout coordination and documents review in progress. Phase 2 pending easement approval from General Land Office for Guadalupe River crossing. Private funding to continue based on engineer's projected cost.
2	KERV Airport Improvements	Partnership with KERV, TxDOT, City and County to build T-Hangars, Box Hangars, and other building improvements	TBD	TBD	Partnership Agreement approved Fall 2019. KERV working with TxDOT for Row hangar design effort. KERV has completed demolition of the "Horseshoe Building." Box Hangar site work pending TxDOT Row hangar project.
3	Killdeer Mountain Manufacturing	Renovation of 40,000 sq ft building on 8.2 acres in Airport Commerce Park for 400+ employee Tier-1 aerospace manufacturer	Private	2022	Land and existing building shell have been conveyed to KMM. Annexation and Zoning have been completed. Building permit issued 11/26/2021. Construction in progress.
4	Peterson Medical Center Campus Infrastructure Improvements	Campus improvements including extension of public utilities and roadway	Private	2022	Partnerhsip Agreement approved Jaunary 2022. Design in progress for Surgery Center. Construction in progress for off-site parking with completion anticipated early 2023.



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

SUBJECT: Monthly Financial Report.

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** October 19, 2022

SUBMITTED BY: Trina Rodriguez, Assistant Director of Finance

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Information only; no action.

ATTACHMENTS:

[*October 2022 financial presentation.pdf*](#)



Economic Improvement Corporation
FY2022 Year End

Revenues

Sales and Use Tax	4,912,598.59
Interest Income	39,760.56
Total Revenues	4,952,359.15

Expenditures

Administrative	
Supplies and Miscellaneous	233.30
Legal Services	693.75
Professional Services	195,000.00
Kerr Economic Development Corp.	312,500.00
Total Administrative	508,427.05
Debt Service	
Debt Service - Series 2019 Ref (River Trail)	251,018.76
Debt Service - Series 2020 Ref (River Trail)	233,000.04
Debt Service - Series 2015 (KSC)	605,349.96
Total Debt Service	1,089,368.76
Projects	
Arcadia Live Debt Reduction	400,000.00
Total Projects	400,000.00
Total Expenditures	1,997,795.81
Net Income	2,954,563.34



Financial update for the month ended October 31, 2022

**Economic Improvement Corporation Meeting
October 17, 2022**



Economic Improvement Corporation

Statement of Activities

Month Ended October 31, 2022

Revenues

	Annual Budget	Current Period	YTD Actual	YTD Budget Estimate	Better/Worse YTD Estimate
Sales and Use Tax	\$ 5,262,270	\$ 442,046	\$ 442,046	\$ 385,387	\$ 56,659
Interest Income	28,373	14,855	14,855	2,081	12,774
Investment Maturity	3,000,000	1,000,000	1,000,000	1,000,000	-
Total Revenues	8,290,643	1,456,901	1,456,901	1,387,468	69,433

Expenditures

	Annual Budget	Current Period	YTD Actual	YTD Budget Estimate	Better/Worse YTD Estimate
Administrative					
Supplies and Miscellaneous	650	-	-	-	-
Legal Services	10,000	-	-	-	-
Professional Services	200,000	16,667	16,667	16,667	-
Kerr Economic Development Corp.	312,500	78,125	78,125	78,125	-
Total Administrative	523,150	94,792	94,792	94,792	-
Debt Service					
Debt Service - Series 2019 Ref (River Trail)	251,291	20,941	20,941	20,941	-
Debt Service - Series 2020 Ref (River Trail)	231,000	19,250	19,250	19,250	-
Debt Service - Series 2015 (KSC)	602,850	50,238	50,238	50,238	-
Total Debt Service	1,085,141	90,428	90,428	90,428	-
Investment Purchases	2,500,000	-	-	-	-
Projects					
Airport Projects	95,901 *	475	475	475	-
Sid Peterson Memorial Hospital	800,000	-	-	-	-
Outdoor Fitness Court	100,000 *	-	-	-	-
Downtown Utilities/Streetscape	400,000 *	-	-	-	-
Total Projects	1,395,901	475	475	475	-
Total Expenditures	5,504,192	185,695	185,695	185,695	-

Change in Net Position

\$ 2,786,451	\$ 1,271,206	\$ 1,271,206
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Economic Improvement Corporation
Cash Flow Forecast
As of October 31, 2022

	FY2023 Actual	FY2023 Estimate	FY2023 Projection		
	Oct 2022	Nov 2022 to Dec 2022	Jan 2023 to Mar 2023	Apr 2023 to Jun 2023	Jul 2023 to Sep 2023
Beginning Cash Balance	\$ 3,605,113	\$ 4,872,523	\$ 4,083,232	\$ 4,772,831	\$ 5,497,995
Revenue					
Sales Tax	442,046	811,490	1,308,897	1,244,462	1,512,034
Interest Income	14,855	40,464	22,112	21,750	21,750
Investment Maturity	1,000,000	-	1,000,000	-	1,000,000
Total Revenue	1,456,901	851,955	2,331,008	1,266,212	2,533,784
Expenditures					
Administrative					
Supplies and Miscellaneous	-	163	163	163	163
Legal Services	-	2,500	2,500	2,500	2,500
Professional Services	16,667	33,333	50,000	50,000	50,000
Kerr Economic Development Corp.	78,125	-	78,125	78,125	78,125
Total Administrative	94,792	35,996	130,788	130,788	130,788
Debt Service	90,428	271,285	271,285	271,285	271,285
Projects					
Airport Projects	475	23,500	23,975	23,975	23,975
Sid Peterson Memorial Hospital	-	800,000	-	-	-
Outdoor Fitness Court	-	-	-	100,000	-
Downtown Utilities/Streetscape	-	-	200,000	-	200,000
Total Projects	475	823,500	223,975	123,975	223,975
Investment Purchase	-	500,000	1,000,000	-	1,000,000
Total Expenditures	185,695	1,630,781	1,626,048	526,048	1,626,048
Interest Receivable	3,539	10,464	15,362	15,000	15,000
Ending Cash Balance	\$ 4,872,523	\$ 4,083,232	\$ 4,772,831	\$ 5,497,995	\$ 6,390,731



Financial Analysis

Cash Analysis as of October 31, 2022		
Type	Placement	Amount
Pool	EIC TexPool	\$ 4,872,523
ST Investment	MUFG Bank CP-62479MQP1	\$ 981,597
	Total Cash and Investments	\$ 5,854,120

Sales Tax Revenue Analysis - FY2023					
Month	Actual FY2022	Budget FY2022	Actual FY2022	FY2022 vs. FY2023	Budget vs. Actual
October	\$ 365,850	\$ 385,387	\$ 442,046	20.83%	14.70%
November	420,172	432,879	410,025	-2.41%	-5.28%

Project Analysis as of October 31, 2022			
Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Committed Projects:			
Airport Projects	132,767	37,341	95,426
Sid Peterson Memorial Hospital	1,600,000	-	1,600,000
Outdoor Fitness Court	100,000	-	100,000
Downtown Utilities/Streetscape	400,000	-	400,000
Committed Project Total	\$ 2,232,767	\$ 37,341	\$ 2,195,426



Questions?



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

SUBJECT: Consider the Project Funding Agreement between the City of Kerrville, Texas, Economic Improvement Corporation and the City of Kerrville, Texas; for the development and construction of an extension to the City's River Trail from the Tranquility Island Bridge to the scenic Downtown Overlook (Pavilion).

AGENDA DATE OF: November 14, **DATE SUBMITTED:** October 19, 2022
2022

SUBMITTED BY: Ashlea Boyle, Director of Parks and Recreation

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

Kerrville 2050 Item? Yes

Key Priority Area P - Parks / Open Space / River Corridor

Guiding Principle N/A

Action Item P6.5 - Continue developing a vision/plan and identify funding options to extend the River Trail

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Approve Project Funding Agreement as presented.

ATTACHMENTS:

[20221114_PFA Rivertrail Extension Overlook.pdf](#)

[20221116_Rivertrail Improvements.pdf](#)

[20221116_Rivertrail Map.pdf](#)

DRAFT 10/12/22

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF KERRVILLE, TEXAS; FOR THE DEVELOPMENT AND CONSTRUCTION OF AN EXTENSION TO THE CITY'S RIVER TRAIL FROM THE TRANQUILITY ISLAND BRIDGE TO THE SCENIC DOWNTOWN OVERLOOK (PAVILION)

THIS PROJECT FUNDING AGREEMENT (the "Agreement") is entered into this ____ day of _____, 2022 ("Effective Date"), by and between the **City of Kerrville, Texas Economic Improvement Corporation** ("EIC"), a Texas non-profit corporation established by City pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code; otherwise known as the Development Corporation Act of 1979 ("the Act"); and the **City of Kerrville, Texas** ("City"), a Texas home-rule municipality. EIC and City may sometimes be collectively referred to herein as "Parties" and individually as "Party".

WITNESSETH:

WHEREAS, pursuant to the Act, EIC is authorized to provide funding relating to the construction of projects which EIC finds to be encompassed within the definitions of "Projects", as that word is defined by Chapters 501 and 505 of the Act; and

WHEREAS, in May 1995, the citizens of Kerrville, Texas, voted to form the EIC to administer a sales and use tax collected for "Projects", as defined by the Act, including:

land, buildings, *equipment, facilities, and improvements* found by the EIC to be required or suitable for use for *professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events*, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, *parks and park facilities, open space improvements*, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by Section 505.152 of the Act (emphasis supplied); and

WHEREAS, the City, as documented within its *Kerrville 2050 Comprehensive*

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Plan, continues focusing on ways to connect businesses, neighborhoods, major destinations, and other amenities with parks, open spaces, and the River corridor; and

WHEREAS, the Parties believe that one way to accomplish such integration is to connect Tranquility Island within Louise Hays' Park to the Kerrville River Trail, through an extension into downtown Kerrville, which will then eventually connect to the existing trail at G Street and onto Schreiner University; and

WHEREAS, in addition, such extension also aligns with the City's *Parks and Recreation Master Plan*, the Parks and Recreation Department's goal to encourage the Kerrville community to "get outdoors, be active, and play", and the *River Trail Master Plan*; and

WHEREAS, the Parties have previously partnered to construct and open six miles of existing River Trail throughout the City, to include the most recent extension from G Street to Schreiner University; and

WHEREAS, extending the River Trail in this area will connect Tranquility Island, the Butt Holdsworth Memorial Library, the soon to be rehabilitated Heart of the Hills Heritage Center (HHHC), along with this part of downtown and the Kerrville Urban Trail System (KUTS), which will increase the accessibility of the River Trail to additional neighborhoods; and

WHEREAS, City will design and construct the extension of the River Trail (the "Project"); and

WHEREAS, the Project is estimated to cost \$1,020,280.00; and

WHEREAS, the City seeks grant funding from the EIC in this amount for the City to use in designing, bidding, managing, and constructing the Project; and

WHEREAS, EIC finds that the Project as described generally above constitutes a "project" as defined by the Act; and

WHEREAS, more specifically, EIC finds that the Project includes equipment, facilities, and improvements to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, and tourist purposes and events, and other related improvements that enhance any of the items described here; and

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WHEREAS, EIC finds that it will be in the public interest to enter into this Agreement with City to provide sales tax revenues collected pursuant to the Act ("4B Revenues") to City for costs related to the Project; and

WHEREAS, on October 17, 2022, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditure of 4B Revenues for the Project;

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

1. **"Project" Defined:** When used in this Agreement, the phrase "Project" means the project description; approximate cost itemization, to date; and segment map attached as **Exhibit A**, and included herein for all purposes. City will manage the funding it receives from EIC and the design, acquisition of property interests, environmental permitting, bidding, management, and construction of the Project. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC. In addition, City shall provide periodic reports to the EIC with respect to the Project, timing, and costs.
2. **Agreement to Fund Project:** EIC agrees to provide City an amount up to and not to exceed \$1,025,280.00 in 4B Revenues for the Project ("Grant Funding").
3. **Payments Authorized:** City is authorized to make payments for the Project directly from the EIC's General Capital Projects Fund.
4. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 3, above, are limited to the payment of "costs" as defined in the Act.
5. **City's Acquisition of Property:** Prior to bidding, City must receive the necessary property interests (e.g., recreation trail easements) from intervening owners to authorize its construction, management, and the public's use of the River Trail. Should City fail to accomplish any such acquisition(s), City shall report this event to EIC.
6. **Project's Timeline:** City shall begin design work on the Project on or before January 1, 2023. Thereafter, construction activities will conclude on or before December 31, 2024. Should such activities not occur by these dates, EIC may elect to terminate this Agreement.

DRAFT 10/12/22

7. **Severability**: The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Further, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
8. **Amendment**: This Agreement may be amended only by written amendment signed by the Parties.
9. **Notices**: All notices given with respect to this Agreement must be in writing and will be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For EIC

President

City of Kerrville, Texas, Economic Improvement Corporation

City Hall, 701 Main Street

Kerrville, Texas 78028

Facsimile: (830) 792-3850

For City

City Manager, City of Kerrville

City Hall, 701 Main Street

Kerrville, Texas 78028

Facsimile: (830) 792-3850

DRAFT 10/12/22

10. **Applicable Law:** This Agreement is governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement is proper only in Kerr County, Texas.
11. **Interpretation:** Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement will therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the Parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.
12. **No Joint Venture:** Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties.
13. **Parties in Interest:** Nothing in this Agreement shall entitle any party other than EIC or City to any claim, cause of action, remedy, or right of any term of this Agreement.
14. **Survival of Terms:** All rights, duties, liabilities, and obligations accrued prior to termination will survive termination.
15. **Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall terminate on the earlier of: (i) May 1, 2024, or when the requirements set forth in this Agreement are completed; (ii) when terminated by mutual agreement of the Parties; or, (iii) at City's discretion, upon City returning all Grant Funding to EIC that it has received under this Agreement. Upon termination of this Agreement as specified herein, all rights, duties, and obligations of any kind under this Agreement shall automatically expire and terminate and be of no other force and effect.
16. **Entire Agreement:** This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the Effective Date.

DRAFT 10/12/22

CITY OF KERRVILLE, TEXAS

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

By: _____
Judy Eychner, Mayor

By: _____
Greg Richards, President

ATTEST:

ATTEST:

Shelley McElhannon, City Secretary

Kesha Franchina, Secretary for the EIC

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

T:\Legal\EIC\Contract\City Projects\River Trail\EIC Project Funding Agreement_Downtown River Trail Ext, Phase 1_101222 DRAFT.docx

River Trail Downtown Improvements-Sections 1 and 2

Preliminary Engineer's Estimate

August 2022

Item No.	Description	Quantity	Unit	UNIT COST	TOTAL COST
1	Mobilization and Demobilization as necessary for the Contract Documents (5%)	1	LS	\$40,000.00	\$40,000.00
2	Brush Clearing/Pruning , along new trail alignment, complete in place as specified and indicated in the plans.	1	LS	\$45,000.00	\$45,000.00
3	Earthwork for Site , to include all rough grading and fine grading for entire site including any importing or removal of excess fill as needed, topsoil placement, complete in place as specified and indicated in the plans.	1	LS	\$90,000.00	\$90,000.00
4	10' Wide Concrete Trail w/30" Toedown , to include all trail paving, complete in place as specified and indicated in the plans	1400	LF	\$240.00	\$336,000.00
5	Elevated Concrete Trail , including excavation, concrete headwalls, concrete paving on top of culverts, and all necessary construction as detailed in drawings and specifications, complete in place as specified and indicated in the plans	100	LF	\$450.00	\$45,000.00
6	Limestone Block Retaining Walls , complete in place as specified and indicated on plans.	60	EA	\$350.00	\$21,000.00
7	Rock Rip Rap as required, complete in place as specified and indicated in the plans.	55	CY	\$380.00	\$20,900.00
8	Turf Reinforcement Mat with Seed , to include erosion control mat and Rye grass seed including fine grading, raking, fertilization, and temporary irrigation as necessary to cover disturbed areas, complete in place as specified and indicated in the plans.	400	SY	\$32.00	\$12,800.00
9	Seeding , includes fine grading, raking, fertilization, and temporary irrigation as necessary to cover disturbed areas, complete in place as specified and indicated in the plans.	1	LS	\$22,300.00	\$22,300.00
10	Bridge over Clay Street Drainage Outfall (Box Culverts)	1	LS	\$42,000.00	\$42,000.00
11	SWPPP , design and provide Storm Water Pollution Prevention Plan, as required for construction of Trail Improvements project, complete as specified and indicated on plans.	1	LS	\$40,000.00	\$40,000.00
ESTIMATED CONSTRUCTION COST					\$715,000.00
20% CONTINGENCY					\$143,000.00
TOTAL ESTIMATED CONSTRUCTION COST					\$858,000.00
10% ENGINEERING DESIGN FEE					\$85,800.00
3% CONSTRUCTION PHASE SERVICES AND TESTING FEE					\$25,740.00
3% ADDITIONAL SERVICES FEE (SURVEY/GEOTECH)					\$25,740.00
TOTAL ESTIMATED SECTION 1 COST					\$995,280.00



Hewitt Engineering Inc.
 Consulting Engineering Services
 716 Barnett Street • Kerrville, Texas 78028 • 830.315.8800
 TBPE Registration No. F-10739 • www.hewitt-inc.com

DOWNTOWN RIVER TRAIL SEGMENT MAP

EXHIBIT 1





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

SUBJECT: Consider the Concept/Feasibility Study for an extension of the River Trail around Nimitz Lake.

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** November 4, 2022

SUBMITTED BY: Ashlea Boyle, Director of Parks and Recreation

EXHIBITS:

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

PAYMENT TO BE MADE TO: City of Kerrville, TX

Kerrville 2050 Item? Yes

Key Priority Area P - Parks / Open Space / River Corridor

Guiding Principle N/A

Action Item P6.5 - Continue developing a vision/plan and identify funding options to extend the River Trail

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Direct staff in regards to drafting a Funding Agreement and scheduling a Public Hearing for a Concept/Feasibility Study for an extension of the River Trail around Nimitz Lake.



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

SUBJECT: Discussion of EIC investments

AGENDA DATE OF: November 14, 2022 **DATE SUBMITTED:** November 4, 2022

SUBMITTED BY: Julie Behrens, Director of Finance

EXHIBITS:

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

PAYMENT TO BE MADE TO: N/A

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

SUMMARY STATEMENT:

RECOMMENDED ACTION:

Approve staff recommendation to continue to utilize the City's investment policy and allow designated staff to act as the investment officers for the EIC, as outlined in the EIC-City Administrative Services Agreement.

ATTACHMENTS:

[*Investment Policy FY2023.pdf*](#)

City of Kerrville
Investment Policy
Approved by Council September 14, 2022

I. General Policy Information

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 investments will be used in a manner that best serves the interests of the City, as determined by City Council.

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 other applicable state and federal laws, applicable bond requirements, and this investment policy (the "Policy").

II. Scope

This Policy governs the investment of all financial assets of the City as accounted for in the City's Annual Comprehensive Financial Report. This includes the financial assets of all City funds other than those of the Kerrville Public Utility Board and the Kerrville Joint Airport Board, which are set up and operated as entities separate from the City.

III. Goals and Objectives

Investment of City funds is 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.

B. Liquidity - The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that are reasonably anticipated. Ongoing cash flow analysis will be used to identify changing liquidity needs. Demand deposits or other liquid investments should be maintained as a liquidity buffer for unanticipated expenses. To the

extent possible, the City will attempt to match its investment maturities with anticipated liabilities and cash flow requirements. To reflect the cash flow requirements and risk tolerance levels of the City, the weighted average maturity of the overall portfolio shall not exceed one (1) year.

C. Diversification - In order to minimize investment and market risk, the City will diversify its investments by market sector (security type) and maturity.

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 A. City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio(s) risk shall be measured quarterly against a benchmark of the six-month Treasury Bill.

Effective cash management is recognized as essential to good fiscal management. 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.

IV. Strategy

The City maintains one (1) commingled portfolio for City funds and its investment strategy incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in the portfolio as follows:

A. The investment strategy for operating, enterprise, and special revenue funds has as its primary objective the 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 credit quality securities in a laddered maturity structure that permits some extension for yield enhancement. The maximum dollar weighted average maturity of one (1) year 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.
- D. The investment strategy for capital projects or capital project funds will have as its primary objective the assurance that anticipated cash flows are matched and provide adequate investment liquidity.
- E. The investment strategy for each Trust Fund with a restricted corpus will have as its primary objective to grow the income used for specific purposes, as outlined in the individual trust document. The City acts as trustee for certain funds, the corpus of which is permanent and the income used for specific operating purposes. These are established as separate portfolios. Currently, the funds so structured include:

- 1. Butt-Holdsworth Memorial Library Endowment Fund Trust

The principal is not to be used for any ongoing expenditures. Therefore, these funds are to be managed within the parameters of the Policy, but the longer term needs of the funds require a strategy focused on high-credit quality, intermediate term securities which will protect the corpus and generate a reasonable income stream on an annual basis. The portfolio of each trust will maintain a maximum weighted average maturity for the fixed income portion of two (2) years and the maximum stated maturity for any security will be three (3) years. The risk benchmark for the fund will be the two-year US Treasury Note for the comparable period.

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 City's Investment Officers or Advisor will 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.

V. Investment Officers

The Director of Finance, Assistant Finance Director, and Finance Administrator are authorized to administer the investment activities of the City and are designated as "Investment Officers" for the purposes of this Policy. City Council may, through its direction to the City Manager,

designate additional qualified employees or an SEC registered Investment Advisor as Investment Officer(s). Authority and designation as an Investment Officer is effective until rescinded by the City, expiration of the officer's term, or until termination of employment. Investment Officers shall be familiar with this Policy. 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 Policy authorizing any Investment Officer to engage in investment transactions and open City designated accounts for time and demand deposits 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.

VI. Training

All Investment Officers shall comply with training requirements under state law.

VII. Standard of Care

The standard of care to be used by the 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 Policy. The standard states:

All investments 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 Officer(s) acting in accordance with the 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 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 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 to the City and the Texas Ethics Commission.

VIII. Standard of Ethics

An Investment Officers shall act as custodians of the public trust and shall refrain from any transaction that might involve a conflict of interest, the appearance of a conflict of interest, or any activity that might otherwise discourage public confidence.

IX. Authorized Professional Services and Investments

The City recognizes that the fiduciary responsibility for the investment of City funds is the responsibility of the City Council, which directs its Investment Officers through its adoption of this Policy.

All Investment Advisors and brokers/dealers conducting business with the City shall make every reasonable effort to adhere to the spirit, philosophy, and specific terms of this Policy. All Investment Advisors and brokers/dealers shall avoid recommending or suggesting transactions outside the spirit, philosophy, and specific terms of this Policy and toward that end, shall adhere to the following:

A. Brokers/Dealers - A list of not less than five (5) authorized brokers/dealers, adopted by the City Council, shall be maintained to assure a competitive process. The list is adopted by the Council annually with the Policy adoption. See Exhibit A for a list of approved brokers/dealers. Investment Officers will collectively establish the criteria, monitor the service, and evaluate the brokers/dealers for:

1. Adherence to the City's policies and strategies;
2. Responsiveness to the City's requests for service and information;
3. The quality of communications and bids/offers; and
4. Understanding of the inherent fiduciary responsibility of public funds.

B. Information/Qualifications - All broker/dealers will be furnished with a copy of this Policy. Financial Institutions and brokers/dealers who desire to transact business with the City must supply the following documents to the Investment Officer(s) or Investment Advisor(s), as applicable:

1. Current year audited financial statements;
2. Financial Institutions Regulatory Agency (FINRA) certification and FINRA's Central Depository Registration (CRD) number;
3. Proof of Texas State Securities registration; and
4. Brokers/dealers shall also provide timely trade documentation and confirmations. In order to perfect delivery versus payment, no authorized brokers/dealers or their affiliated bank will be used for safekeeping.

C. Certification - Before transacting any business with the City, an Investment Officer or Investment Advisor shall present each pool in which the City participates with a current copy of the Policy and an authorized representative of the pool shall, in writing to the City, certify substantially to the effect that:

1. The pool has received and reviewed the Policy; and
2. The pool has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

Note: If material changes are made to the Policy, an updated copy shall be provided to all authorized broker/dealers.

D. Investment Advisor - 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.

X. 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 three (3) years.

Fully collateralized or Federal Deposit Insurance Corporation ("FDIC") insured depository certificates of deposit (CD) from banks doing business in Texas with a final stated maturity not to exceed twenty-four (24) months. Funds shall be collateralized in accordance with this Policy and governed by a written agreement that complies with federal and state

regulations for A. properly securing a pledged security interest.

- B. FDIC insured brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed one (1) year to maturity. Before purchase, an Investment Officer must verify the FDIC status of the bank to assure that the bank is FDIC insured.
- C. Fully insured share certificates from credit unions in Texas not to exceed twenty-four (24) months to stated maturity and insured by the National Credit Union Share Insurance Fund or its successor.
- D. Commercial paper rated A1/P1 or its equivalent by two (2) nationally recognized rating agencies and with a final stated maturity not to exceed two-hundred seventy (270) days from the date of issuance.
- E. AAA-rated SEC registered money market mutual funds which strive to maintain a \$1 net asset value and comply with SEC Rule 2a-7.
- F. Constant-dollar, AAA-rated (or equivalent) rated Texas Local Government Investment Pools, approved by resolution of the City Council which strive to maintain a \$1 net asset value and complies with the Act. The City investment in any investment pool shall not exceed 5 percent of the total assets of the pool.
- G. Fully insured or collateralized interest bearing accounts in any bank in Texas. Accounts requiring collateralization must be under the provisions of a written collateral/depository agreement.
- H. State and municipal obligations of any state rated not less than A by at least one (1) nationally recognized rating agency and with a stated maturity not to exceed three (3) years.
- I. 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.
- J. 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.

XI. Delivery Versus Payment

All security transactions shall be settled 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. XII. Competitive Bidding

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

XIII. Monitoring Credit Ratings

An Investment Officer or Investment Advisor shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security(s) falls below the minimum rating required by this Policy, an Investment Officer or Advisor shall notify the Director of Finance immediately of the loss of rating and within (3) three days make a recommendation as to the conditions affecting the rating and possible loss of principal with available liquidation options.

XIV. Monitoring FDIC Status

An Investment Officer or Investment Advisor shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, an Investment Officer or Advisor shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

XV. Collateralization

Consistent with state law requirements, the City shall require collateral market value equal to at least 102 percent of total deposits including accrued interest on all repurchase agreements and all time and demand deposits above the limits of federal insurance on City and trust funds.

XVI. Time and Demand Deposits- Pledged Collateral

Collateral pledged to the City must be maintained with a market value margin of at least 102

percent of the total time or demand amounts being collateralized including accrued interest. The banking institution shall be held responsible for monitoring and maintaining the required margins daily. 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 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 or on terms agree to by the City.

The pledging institution shall be responsible for providing, at a minimum, a monthly report, preferably from the custodian, on pledged collateral listing at a minimum, the security description, Committee on Uniform Securities Identification Procedures (CUSIP), par value, maturity, and current market value. Financial institutions serving as City depositories are required to execute a depository/collateral agreement with the City outlining, among other conditions, collateral conditions and limitations. The agreement must 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:

- A. Obligations of the U.S. Government, its agencies and instrumentalities, including Mortgage Backed Securities and Collateralized Mortgage Obligation (CMO) which pass the Federal Reserve Bank test
- B. Obligations of any state, its agencies and instrumentalities, and municipalities rated A or better by two (2) nationally recognized rating agencies

XVII. 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 Bond Market Association Master Repurchase Agreement. Collateral with a market value totaling at least 102 percent 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.

XVIII. Safekeeping of City- Owned Securities

All securities shall be settled on a delivery versus payment basis and be held in safekeeping

by an independent third party financial institution contracted by the City. The City shall contract with its banking services depository or another financial institution(s) as safekeeping agent for the safekeeping of any securities owned by the City. The designated safekeeping agent 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 safekeeping agent on behalf of the City shall be evidenced by a safekeeping receipt.

XIX. 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 controls shall be designed to address fraud, employee error, misrepresentation by third parties, unanticipated market changes, and imprudent actions. Controls deemed most important 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.

XX. Cash Flow Forecasting

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

XXI. 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 and be prepared in accordance with the Act. Market prices for market value calculations shall be obtained from independent sources. The quarterly report shall be signed by an Investment Officer and Investment Advisor as applicable.

XXII. Depositories

The City will designate 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. A depository agreement(s),

executed in accordance with FIRREA (Financial Institutions Resource and Recovery Enforcement Act), shall be established before funds are transferred. Other banking institutions from which the City may purchase depository certificates of deposit (CD) will also be designated as depositories and must execute a written depository (collateral) contract in accordance with the provisions of this Policy if funds exceed FDIC insurance limits.

XXIII. Policies and Strategy Review

City Council shall review and adopt an investment policy, strategy, and broker/dealer list annually in conjunction with the adoption of the budget. Additional changes to the Policy may be adopted by City Council as needed. The adopting resolution shall reference any changes made to the Policy.

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 applicable laws. Any irregularities shall be reported to the City Council through a report as prescribed by the audit engagement agreement.

EXHIBIT A
AUTHORIZED BROKER / DEALERS

1. Bank of America Merrill Lynch
2. Piper Sandler & Co.
3. FHN Financial
4. StoneX Group Inc.
5. Mizuho Securities
6. Morgan Stanley
7. Raymond James
8. RBC Securities
9. Robert W. Baird
10. Stifel Nicolaus
11. Siebert Williams Shank
12. Cantor Fitzgerald & Co.
13. BOK Financial
14. Oppenheimer
15. UBS Financial
16. BYN Capital Markets
17. CastleOak Securities
18. Goldman Sachs & Co.
19. Hilltop Securities
20. InspereX (formerly InCapital)
21. Jefferies
22. JPMorgan Securities
23. Keybanc Capital Markets
24. Loop Capital Markets
25. MarketAxess Corporation
26. Moreton Capital Markets
27. Multi-Bank Securities
28. Nomura Securities
29. SunTrust Robinson Humphrey, Inc
30. Wells Fargo