

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JULY 13, 2010

On July 13, 2010, 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 Reverend Patty Edwards of the Unity Church of the Hill Country, followed by the Pledge of Allegiance led by Al Kardos, Military Officers Association of America.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	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
Kevin Coleman	Director of Development Services
Mindy Wendele	Director of Business Programs
Charlie Hastings	Director of Public Works
Mike Erwin	Director of Finance
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Robert Ojeda	Fire Chief
Kim Meisner	Director of General Operations

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

1. VISITORS/CITIZENS FORUM: The following persons spoke:

1A. Kate Roos, representing the Religious Society of Friends, thanked the council for continuing to seek information regarding the homeless veterans housing project.

1B. Meg Scott-Johnson, representing the League of Women Voters, thanked council for supporting the July 5 candidates forum and the proclamation supporting LWV.

1C. Mimi Schrupf discussed several issues: recognized Lee Spaulding and Brent Bates for completing the downtown pavilion and encouraged the city to assist in finishing out the project with benches and trash cans; commended the city manager for making hard decisions, including cutting staff positions, to balance the FY11

budget; the city did not need a \$21 million convention center; city should begin a beautification program to clean up the city and provide trash cans and planters; city should paint the downtown parking garage and put signs on it so people would know it was available; there was still debris all over town three weeks after the storm, and the city could use volunteers to help remove debris from people's yards; people need to spend time in downtown; the city should spend money to support the positive things in the community first and then consider a convention center.

2. CONSENT AGENDA:

Ms. Keeble removed Item 2B from the consent agenda.

Mr. Motheral moved for approval of items 2A, 2C, and 2D; Mr. Gross seconded the motion and it passed 5-0:

2A. Approval of minutes of the regular meetings held on June 8 and June 22, 2010, and the special meeting held on June 21, 2010.

2C. A resolution approving interlocal agreement for the city's participation in the PACE purchasing cooperative.

2D. Resolution No. 019-2010 adopting amendments to the city of Kerrville investment policy regarding the investment of city funds in accordance with the Public Funds Investment Act.

END OF CONSENT AGENDA

2B. Authorize execution of a contract with GovDeals for internet-based auction services. Council discussed the cost of an internet-based auction service versus an on site auctioneer.

Mr. Erwin noted that using GovDeals would expose city surplus property to a greater number of potential buyers, and GovDeals would handle the items through closing and send the proceeds to the city. Mr. Parton noted staff would proceed with the contract only if it was the best option.

Ms. Keeble moved to authorize execution of the contract with GovDeals for internet-based auction services as presented; Mr. Allen seconded the motion and it passed 5-0.

3. PUBLIC HEARING AND ORDINANCE FIRST READING:

3A. Public hearing for an ordinance annexing an approximate 3.12 acre tract and an approximate 0.49 public right-of-way, which includes a portion of a paved roadway, both the tract and the right-of-way are out of the W.T. Crook Survey No. 71, Abstract No. 114, Kerr County; said area being approximately 3.61 acres and located adjacent to the corporate limits of the city of Kerrville, Texas, and being more particularly described as 327 Peterson Farm Road and the adjacent public right-of-way; describing the area to be annexed; adopting a service plan for the area annexed; and establishing the zoning for the area annexed. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the property owner had requested annexation; staff proposed annexing that section of Peterson Farm Road fronting the property. PZC and staff recommended annexing the property as single family residential zoning designation.

Mayor Wampler opened the public hearing at 6:22 p.m., and the following person spoke:

1. Robert Naman questioned what the cost of annexation would be to the city. Mr. Coleman noted the city would be responsible for maintenance of the 250 ft. right-of-way when needed in the future. The city would receive ad valorem tax on the property. The owner requested annexation in order to receive city water service. He noted the private well had been capped and a water line was available to the property.

No one else spoke and Mayor Wampler closed the public hearing at 6:25 p.m.

Mr. Motheral moved to approve the ordinance on first reading; Ms. Keeble seconded the motion and it passed 5-0.

4. ORDINANCES, SECOND AND FINAL READING:

4A. Ordinance No. 2010-11 amending Chapter 26 "Building and building regulations", Article II "Building codes", of the Code of Ordinances of the City of Kerrville, Texas, by amending Section 26-31 to delete Chapter 34 "Existing structures" from the 2006 Edition of the International Building Code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the issue had been tabled at the June 22 meeting. The ordinance presented had been amended to address council's concerns on June 22. With the adoption of the International Existing Building Code, Chapter 34 became redundant.

Council noted the proposed amendment would clarify that the repeal of Chapter 34 of the IBC and adoption of the IEBC would not result in the elimination of the intent of the requirements currently stated in Chapter 34.

Mr. Motheral moved to approve Ordinance No. 2010-11 on second and final reading; Mr. Gross seconded the motion and it passed 5-0.

4B. Ordinance No. 2010-12 amending Chapter 26 "building and building regulations," Article II "building codes" of the Code of Ordinances of the City of Kerrville, Texas, by adding a new Section 26-41 to adopt the 2006 Edition of the International Existing Building Code; adopting local amendments to said code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the proposed ordinance would adopt the 2006 International Existing Building Code and local amendments.

Mr. Gross moved to approve Ordinance No. 2010-12 on second and final reading; Mr. Motheral seconded the motion and it passed 5-0.

4C. Ordinance No. 2010-13 amending Ordinance No. 2005-17 which created a "planned development district" for personal services II (day care center only) for an approximate 2.06 acre tract of land out of the Samuel Wallace Survey Number 113, within the City of Kerrville, Kerr County, Texas, and more commonly known as 551 Meadowview Lane; said amendment to increase the authorized floor area of the buildings on the property and the maximum number of children to be accommodated. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the ordinance would increase the sq. footage of the building; there was no change to the ordinance since first reading; PZC and staff recommended approval of the ordinance.

Ms. Keeble moved to approve Ordinance No. 2010-13 on second and final reading; Mr. Allen seconded the motion and it passed 5-0.

4D. Ordinance No. 2010-14 amending the budget for the fiscal year 2010 economic improvement corporation to reallocate funding for approved projects concerning a commercial improvement program and the development of affordable housing. Mayor Wampler read the ordinance by title only.

Mr. Erwin noted EIC proposed to use \$100,000 from the contingency fund to fund a commercial improvement program to reimburse owners for improvements to commercial buildings or signs; and to fund engineering fees and infrastructure cost to the Hill Country Home Opportunity Council, Inc. for a development on Pinto Trail. There was no change to the ordinance since first reading.

The following person spoke:

1. Ruth Spradling challenged council to spend EIC funds on projects that would benefit the entire city and not just a few select property owners.

Mr. Gross moved to approve Ordinance No. 2010-14 on second and final reading; Ms. Keeble seconded the motion and it passed 5-0.

5. ORDINANCE, FIRST READING:

5A. An ordinance amending Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City of Kerrville, Texas, by adding a new Article VIII "Building Board of Adjustment and Appeals", said board created with authority to consider appeals from the application of the city's standardized building codes and as a replacement for the city's various boards which previously had responsibility for such

issues; containing a cumulative clause; containing a savings and severability clause; establishing an effective date; and providing other matters related to the subject.
Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the ordinance would create one building board of adjustment and appeals to replace four existing city boards, reducing the number of members from 28 to 7 members and 3 alternates. The board would meet quarterly and as needed, and existing board members would be invited to apply for positions on the new board.

Mr. Motheral moved to approve the ordinance on first reading; Mr. Allen seconded the motion and it passed 5-0.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Citizen request for an exception to the city codes 50-6(b)(16)(17) International Fire Code regarding the use of propane tanks where natural gas is available.

Charles Torti proposed to install a stand by, self-contained generator powered by propane from a 250 gallon tank buried on his property. He noted his home was all electric and natural gas was also available in his neighborhood but he was not interested in connecting to the central gas system. Mr. Torti desired to have a back up when electric service was down; he did not anticipate using the generator system often.

Fire Chief Ojeda stated Mr. Torti's request would require changing two amendments to the 2006 International Fire Code; there was no provision to allow for any exception or variance to these prohibitions:

- Section 3801.2 Permits. No person shall install or maintain any LP-Gas container without a permit. A permit shall not be granted in the event that natural gas is available as a fuel supply.
- Section 3801.4 Propane, Butane, LP-Gas. It shall be unlawful to use propane, butane, or other LP-Gas products in the city where natural gas is available. It shall be unlawful to install above-ground storage tanks, exceeding a capacity of 25 gallons, in any zoning district allowed for residential uses.

He noted the city council did not have legal authority to grant the requested exception or waiver to the fire code. The council's options to the request were: 1) amend the fire code to eliminate the prohibition; 2) modify the amendment to create specific standards by which an exception to the prohibition could be granted; 3) Leave the fire code and amendments intact. The amendments were adopted in 1979 as LP gas was recognized as being inherently unsafe, and the city wished to limit usage to locations that did not have access to natural gas. Natural gas distributed through a central system, as was already available to Mr. Torti's residence, was generally accepted as the safest manner to serve residential needs.

Mr. Torti stated he had not anticipated council having to make major changes to the law in order to accommodate his request.

No action was taken by the council.

6B. Resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2011 budget.

Mr. Parton presented KCAD's FY11 budget and recommended approval, noting a \$1,200 reduction from the FY10 budget. If KCAD adopted the budget at their July 29 meeting, it would take effect unless 50% of the taxing entities vetoed the budget within 30 days, in which case KCAD would have to redo and resubmit a new budget.

The council noted that other entities were cutting employees, and KCAD's budget reflected a 2% overall salary increase with increases ranging from 0%-10%.

Mr. Motheral moved to request additional information on the KCAD FY11 budget with regard to salary increases; Mr. Gross seconded the motion and it passed 5-0.

6C. Negotiations with Hunter Equity regarding the construction of a multi-purpose meeting facility for the city of Kerrville.

Ms. Wendele noted two meetings had been held with Hunter Equity representatives and a process established. She recommended council consider points to be included in a formal letter agreement and select several sites to be reviewed in executive session.

Mr. Parton reaffirmed the city's financial constraints and limited participation; the city's goal was that the facility would not have a negative effect on ad valorem tax, but would require limited funding of hotel occupancy tax, sales tax, and tax incentive options. Existing facilities were not able to accommodate larger conventions, and such a facility would generate revenue for existing hotels.

The following persons spoke:

1. Robert Naman stated he was against a convention center noting: the city had greater needs; it had not been proven that there would not be any risk to the city taxpayer; the facility would not be self-sufficient and revenue generated would not cover maintenance and operations; council should examine things that could go wrong and prepare a plan to guarantee that city taxpayers would not be held responsible for any debt; the city had survived without a convention center in the past.
2. David Lipscomb noted several convention center studies predicted an economic benefit to the community, but there was no information regarding what additional groups would be interested in Kerrville above those that were already using the existing facilities. He reviewed Abilene, Texas convention center's schedule and noted only two events were held in June that were convention/tourism related. He asked council to investigate the market to prove that additional larger groups would come to Kerrville before obligating the city, and to consider the risk to the city if the convention center did not generate sufficient revenue to cover expenses.
3. Carolyn Lipscomb noted most conventions were held on weekends; existing local hotels were already full on weekends but had low occupancy during the week. A convention center would compete with groups already using the hotels on weekends.

4. Sudie Burditt, executive director of the convention and visitors bureau, noted that 263 conventions and groups had inquired about Kerrville in 2009 but could not be accommodated because their needs exceeded existing facilities. The targeted groups would have a maximum attendance of 750; Kerrville could only accommodate a maximum of 520 now for meeting space, but if dining space was required, that number dropped to 300 attendees. The fact that hotels were sold out on weekends was proof that additional facilities were needed. CVB would continue to market the existing groups, but with a convention center, CVB could also solicit larger professional and corporate groups that had larger per diems and met during the week. Several hoteliers had already expressed desire to upgrade and expand their existing facilities to meet the added demands of a convention facility.

5. Mimi Schrupf encouraged more use of the Museum of Western Art and asked council to keep things in perspective with regard to Kerrville's population, venues, and uniqueness when trying to target conventions.

The council discussed the following issues:

- The type and size of groups that would be targeted and whether there would be sufficient business for the facility to generate revenue sufficient to cover expenditures.
- Concern for lack of details. Mr. Parton noted that information regarding contract negotiations and potential sites would be presented to council and discussed in detail during executive session.
- Council was in the process of investigation and due diligence; because financial information and negotiations were being discussed in executive session did not indicate that the process was flawed or being handled shoddily as rumored; rather the council was acting in good faith to represent the city taxpayers and investigating opportunities that would generate jobs and revenue to help shift the tax burden from ad valorem to commercial tax base.

6D. Kerrville-Kerr County Joint Airport Board to act as the Kerrville-Kerr County Joint Airport Zoning Board.

Fred Vogt, airport board vice president, requested approval for the JAB to act as the JAZB in order to protect the airport from incompatible land uses and height restrictions that could have detrimental effect on the future of the airport. Mr. Vogt noted that when the city and county accepted federal funding for the airport, federal law required local authorities to protect the airport. The airport master plan would also address height restrictions. The JAB's authority was advisory only; the JAB did not have authority to stop construction.

Mr. Hayes noted the city had zoning authority in the city, and the JAB had control over development at the airport; the issue was control over development outside the city. The city and county were required under federal law to protect the airport, particularly with regard to height restrictions. The 1992 airport zoning document gave regulatory authority to the JAB and required persons within areas of concern to acquire building permits from the city manager. The question was, when the airport board was recently

reconstituted did the new JAB have authority to continue to regulate zoning beyond the city limits. He noted the county had already acted on this matter.

Mr. Gross moved to accept the request as presented thereby allowing the Kerrville-Kerr County Joint Airport Board to also act as the Kerrville-Kerr County Joint Airport Zoning Board; the motion was seconded by Mr. Motheral and passed 5-0.

6E. Presentation of the FY11 Kerrville-Kerr County Joint Airport Board budget.

Bruce McKenzie, airport manager, presented the FY11 budget as approved by the airport board. He noted that as per the city/county interlocal agreement, Kerr County would be funding 100% of the maintenance and operations budget.

Mr. Vogt noted the county could reject the budget as adopted by the airport board, but the county had agreed to fund the entire maintenance and operation budget, and fund capital projects equally with the city. The budget for capital projects included: airport master plan, water main project, and the T-hangar construction project. He noted the FY11 budget was \$132,000 less than the FY10 budget.

Mr. Hayes noted this was the third year of the interlocal agreement as adopted by the city and county; as per that agreement county participation for library services decreased each year, and the city's participation in airport maintenance and operations decreased to zero in the third year, but the city would continue to provide equal funding for approved capital projects.

The council also discussed the following points:

- Questioned why the budget included additional funding for services that were included in the airport management contract, e.g. vehicle repairs, legal services, and engineering services. The request for proposals for the management contract included services to be provided; however, the airport board had awarded a contract that did not provide for those services stated in the rfp.

Mr. McKenzie and Mr. Vogt noted that legal services would not be provided through the county attorney's office and specialized engineering services would be necessary; therefore, funding for those items were included in the budget under special services.

- The airport board proposed to use a city/county building for airport and county services, thereby removing that building from possible lease and potential income to the airport operation. As 50% owner of that building, the council questioned how the use of the building would be accounted for in the budget, whether the airport board or the county would be leasing the building?

Mr. Vogt noted the building had been vacant for over three years and was not rentable in its current condition with regard to fire suppression and handicap accessibility issues.

- If the budget was rejected, then the airport budget for FY11 would revert to the amount in the FY10 budget.

Mr. Parton noted the FY11 airport budget included capital projects totaling \$700,000: \$50,000 for RAMP (Routine Airport Maintenance Program) grant; and \$650,000 for t-hangar construction; requiring contribution of \$350,000 from both the city and county. The city's FY11 budget did not include any allocation of funding to the airport for the T-hangar construction project.

Mr. Gross moved to accept the budget as presented; there was no second to the motion, and Mr. Gross withdrew the motion.

Mr. Gross moved to postpone action on the budget to the July 27 meeting to allow the airport board to address the concerns discussed. Mr. Motheral seconded the motion and it passed 5-0.

6F. Request from the Kerrville-Kerr County Joint Airport Board to leave surplus airport funds in the amount of approximately \$75,000 in the airport fund for use by the airport board for FY10-FY11 projects.

Bruce McKenzie, airport manager, noted a balance of \$150,000 from surplus funds from previous airport projects. The airport board requested the city's portion (\$75,000) remain in the airport fund for future projects, e.g. T-hangar project, new water line project, master plan update, and future RAMP (routine airport maintenance program) grants. He advised that the county agreed to leave their \$75,000 in the airport fund.

The council also discussed the following points:

- Questioned whether RAMP was considered maintenance and operation, to be paid 100% by the county, or capital project, to be shared equally by the city and county.
- The funds could be left in the airport fund with the stipulation that the funds be used as the city's match for the RAMP grant for the next three years.

Fred Vogt estimated the T-hangar project at \$700,000, which was not eligible for federal or state grants. He noted a waiting list of potential T-hangar leasers, which would move the airport toward self-sufficiency; also, rental of the T-hangars could cover the debt service payment for the project. Mr. Vogt also noted the local match for the RAMP grant would be \$50,000 (\$25,000 each city/county) per year for three years.

Mr. Hayes noted under state law, airport revenue could not be diverted to other uses; however, these funds were provided by the airport sponsors as reimbursement for airport projects, and in his opinion were not considered to be airport revenue.

Mr. Gross moved to leave the surplus \$75,000 in the airport fund but designated as the city's match to the RAMP grants for the next three years; Mr. Allen seconded the motion and it passed 5-0.

6G. Resolution No. 020-2010 requesting that the Texas Public Utility Commission (PUC) re-evaluate the functional viability and economic feasibility of the Competitive Renewable Energy Zones (CREZ) project and that the Texas Public Utility Commission postpone any action on this matter until a time that such interests are confirmed. Mr. Parton noted in recent conversations with State Representative Hilderbran, he indicated that the original analysis and evaluation of information used to initiate the CREZ project was ten years old and may not be valid as there had been significant changes in conditions and project reliability. The proposed resolution requested PUC not proceed with any CREZ related action until operational and economic viability had been re-evaluated and the necessity of the CREZ transmission line had been confirmed. A prehearing was scheduled in Austin on September 2 to review LCRA's application, and the city planned to be an intervener, along with the county and KPUB, in this process. He noted a special town hall meeting was scheduled for July 22, 2010, at 6:30 p.m. at the Kerr County Youth Exhibition Center, 3705 Hwy. 27 East to provide information to the community regarding to the LCRA CREZ project.

The council noted that the CREZ transmission line as proposed in Kerrville would be a severe detriment and cause irreparable economic damage to the community, and noted other alternatives were available.

The following persons spoke:

1. Barbara Hofmann, representing LCRA, reviewed the process that would take place once LCRA filed the CCN packet on July 28. Once notified, the city had 30 days, August 27, to file to be an intervener. She encouraged the city and affected property owners to stay involved in the process even if they were not on the preferred route, noting PUC did not always accept LCRA's route recommendation and it could change. On August 27 the judge will determine who will be accepted as interveners. September 1 would be the first prehearing conference in Austin for interveners to attend. PUC will have 120 days to review and make recommendations on routes.
2. Bill Perkison noted one of the CREZ routes affected landowners in Tierra Linda Ranches, and the study area had been expanded to include the I-10 corridor route. He requested the city join TLR to object to the route through their subdivision as well as the I-10 route. He noted one northern route would not traverse any populated area.

Mr. Motheral moved to adopt Resolution No. 020-2010 and instructed staff to send the resolution to the Public Utility Commission; Ms. Keeble seconded the motion and it passed 5-0.

6H. Application by the city for the expenditure of hotel occupancy tax funds (HOT) for way-finding signs in the amount of \$25,000.

Councilmember Gross noted a recent change in state law that allowed HOT funds to be used for way finding signs, and recommended council allocate \$25,000 from the funds set aside for the Arcadia Theatre renovation. The fund balance was currently \$500,000 and use of the funds would require amendment to Resolution No. 064-2005.

The council discussed the following points:

- Local signs did not “put heads in beds” as was the standard for use of HOT funds.
- There were more effective uses for HOT funds that would generate tourism to Kerrville.
- Several projects in flux now, e.g. library renovation, river trails, downtown revitalization, convention center, etc.; when these projects come to fruition way finding signs might be appropriate.
- Greater needs in the community and should focus on supporting existing advertising and promotional efforts.
- Maps were available at the CVB that depicted locations and directions to activities.

The following persons spoke:

1. Sudie Burditt, executive director of the convention and visitors bureau (CVB), noted 200,000 maps were distributed each year as well as several other guides to Kerrville that listed area attractions.
2. Bob Miller asked that council support activities that benefited all arts groups and not focus on individual groups.
3. Walker Croft encouraged funding to support the local arts groups.

No action was taken by council.

6I. Authorize issuance of a request for proposal for a city-wide Voice Over Internet Provider (VOIP) telephone system.

Mr. Cochrane discussed the limitations and challenges of maintaining 13 individual telephone systems from 10-18 years old in 15 separate facilities. The cost to maintain the existing system was a minimum \$80,000 annually for 124 land-lines, \$5,000 for long distance service, and \$13,000 for 25 fax lines. He proposed replacing the existing system with a redundant VOIP system with 69 lines, 180 phones with voicemail, and centralized faxing at a cost of \$150,000. Leasing the system over a 5 year period at \$3,210 per month, would save the city an estimated \$34,000 a year in service cost. He recommended the council authorize staff to solicit proposals for a VOIP system.

The following persons spoke:

1. Walker Croft noted a VOIP system would be dependant on electric service; if electricity went down, was there a backup for emergency departments?
Mr. Cochrane noted backup gas powered generator systems for emergency services would be put into service that would power VOIP; however, now when electric service went down, the current system would not function.
2. John Lipscomb questioned if the VOIP system was satellite based.
Mr. Cochrane stated it was not; the infrastructure had several levels of redundancy and was very reliable.

Ms. Keeble moved to authorize staff to solicit requests for proposals for the VOIP telephone system; Mr. Allen seconded the motion and it passed 5-0.

6J. Receive update and provide direction to staff regarding the FY11 City of Kerrville budget. Mr. Erwin reviewed changes in the budget direction based on council's input at the June 21 meeting and noted the budget workshop on July 19 would discuss utility funds and hotel occupancy tax funds. The proposed FY11 budget would be presented to council on July 27.

7. INFORMATION AND DISCUSSION:

7A. Update on the Veterans Administration homeless veterans project.

Mr. Parton reported information received during conversations with VA representatives and the potential local developer regarding the project:

- Facility being built as a private facility under federal HUD tax program to provide transitional and long term housing for economically disadvantaged people.
- VA will provide the land only; there would not be any financial subsidy from the VA.
- First priority for housing will be to veterans; however, the facility would also be available to non veterans in order to fill remaining units. It was unknown what would happen if a veteran applied for housing and units were occupied by non veterans.
- Social services would be available to all residents; however the VA would provide their support services for all veteran residents.
- Rate structure would be established based on income.
- Residents would be screened for drug and alcohol dependency.
- Exact details were unknown until the proposals were presented.
- Facility was proposed to be part of the 2011 tax credit program.
- Construction would go through the city building and inspection process.
- A town hall meeting was being planned by VA representatives to provide more information to the community.

The following comments were made by city council:

- Requested a HUD representative be available to answer questions at the town hall meeting.
- The VA would not be active in the selection of tenants; selection would be at the discretion of the developer based on certain criteria.
- Having a local developer manage the facility was of benefit to the community; if an outside group managed the facility, the community would not have any input.
- The financing mechanism was a federal HUD tax credit program with a rate schedule based on income; it was not a facility available entirely to homeless veterans.
- The Hill Country Veterans Council had not taken a position on the facility; however, they were concerned that the facility would not be 100% veteran-occupied.
- During the last several months the city had been trying to protect the veterans by asking questions and were now receiving answers.

7B. Kerrville budget/economic update.

Mr. Erwin noted sales tax and hotel occupancy tax had decreased from June, and the water/sewer fund was behind 10% compared to FY09; staff identified projects and expenditures to be put on hold.

8. ITEMS FOR FUTURE AGENDAS: None.

9. ANNOUNCEMENTS OF COMMUNITY INTEREST:

9A. Mr. Allen announced his son, Reese Taylor, had just returned from Afghanistan, serving in the US Army.

10. EXECUTIVE SESSION:

Ms. Keeble moved for the city council to go into executive closed session under 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; the motion was seconded by Mr. Allen and passed 5-0 to discuss the following matters:

Section 551.071:

- Contemplated litigation involving a claim against C&C Groundwater Services.

Section 551.071 and 551.072:

- Discuss the purchase, exchange, lease, sale or value of real property known as Adjudicated Water Right #18-2026A, the discussion of which would not be in the best interests of the city's bargaining position with third parties.

Sections 551.071, 551.072 and 551.087:

- Negotiations with Hunter Equity regarding the construction of a multi-purpose meeting facility for the city of Kerrville.
- 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.

At 10:07 p.m. the regular meeting recessed and council went into executive closed session at 10:14 p.m. At 12:09 a.m.; the executive closed session recessed and council returned to open session at 12:10 a.m. The mayor announced that no action had been taken in executive session.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

- Purchase of Adjudicated Water Right #18-2026A:

Mr. Allen moved to authorize staff to proceed with the purchase of Adjudicated Water Right #18-2026A; Mr. Motheral seconded the motion and it passed 5-0.

- Sale of City Property, 715 Water Street: Mr. Gross moved to authorize the city manager to move forward with the potential sale of the 715 Water Street property; Ms. Keeble seconded the motion and it passed 5-0.

ADJOURNMENT. The meeting adjourned at 12:13 a.m. on July 14, 2010.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary