

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, JULY 22, 2013 AT 4:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

**AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, JULY 22, 2013, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS**

CALL TO ORDER

INVOCATION

1. VISITORS/CITIZENS FORUM:

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

2. APPROVAL OF THE MINUTES:

2A. Minutes of the regular meeting held June 17, 2013.

3. MONTHLY REPORTS:

3A. Monthly financials for June 2013. (staff)

3B. Capital projects update. (staff)

Harper Highway Project Phase II

Golf Course Improvements (Pavilion and Parking Lot Projects)

Downtown Utility Improvement Project

River Trail and Parks projects

3C. Update regarding "GO Team" activities. (staff)

3D. Kerrville Economic Development Corporation (KEDC) Update regarding KEDC Activities. (Jonas Titas)

3E. KEDC Work Program Update. (Jonas Titas)

4. INFORMATION AND POSSIBLE ACTION:

4A. Funding request from iStructures LLC. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1118 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time July 17, 2013 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

4B. Funding request from the City of Kerrville for a feasibility study for reuse of effluent waste from the City of Kerrville Reclamation Plant. (staff)

4C. Guidelines and Procedures for 4B Sales Tax Funding Requests (staff)

4D. EIC Budget. (staff)

5. PUBLIC HEARING AND POSSIBLE ACTION:

5A. Grant funding agreement with Playhouse 2000, Inc. for improvements to the Cailloux Theater. (staff)

5B. Grant funding agreement with the City of Kerrville for improvements to the Cailloux Theater. (staff)

6. 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 Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matter:

Sections 551.071, 551.072 and 551.087 :

- River Trail

Sections 551.071, and Section 551.087:

- Grant funding agreement with Playhouse 2000, Inc. for improvements to the Cailloux Theater.
- Grant funding agreement with the City of Kerrville for improvements to the Cailloux Theater.
- Funding request from iStructures LLC.
- Funding request from the City of Kerrville for a feasibility study for reuse of effluent water from the City of Kerrville Reclamation Plant. (staff)

7. ADJOURNMENT

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1118 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: July 17, 2013 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Minutes of the regular meeting held June 17, 2013. (staff)

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

June 17, 2013

On Monday, June 17, 2013, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by David Wampler, President, in the City Hall Council Chambers, 701 Main Street, Kerrville, Texas.

Members Present:

David Wampler, President
Kenneth Early, Vice President (arrived at 4:05 pm)
Rex Boyland, Secretary (arrived at 4:25 p.m.)
Gary Cochrane
Larry Howard
Stacie Keeble
Polly Rickert

Members Absent: None

City Executive Staff Present:

Todd Parton, City Manager
Kristine Ondrias, Assistant City Manager
Cheryl Brown, Deputy City Secretary
Sandra Yarborough, Director of Finance
Ashlea Boyle, Main Street/Special Projects Manager
Malcolm Matthews, Director of Parks and Recreation
Kimberly Meismer, Director of General Operations

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

Jonas Titas, Executive Director of the Kerrville Economic Development Corporation

INVOCATION: Given by Mr. Cochrane.

1. **VISITORS/CITIZENS FORUM:** No one spoke.

2. **APPROVAL OF THE MINUTES:**

2A. **Minutes of the regular meeting held May 20, 2013.**

Mr. Howard moved for approval of the minutes of May 20, 2013; Mr. Cochrane seconded, and the motion passed 5 to 0.

3. **MONTHLY REPORTS:**

3A. **Monthly financials for April 2013:**

Ms. Yarborough reported on the May 2013 financials. The sales tax fund received \$251,911.00, which was a 13% increase over last year. The expenditures for May totaled \$89,583.00, for a net increase of \$162,329.00. The ending cash balance for May, 2013 was \$2,109,620.00. She reported on the sales tax debt service fund, and the capital projects fund.

3B. Capital projects update. Mr. Parton reported:

Harper Highway Project Phase II:

The project was complete, and city staff would draft a budget amendment to reallocate the remaining funds back to EIC.

Golf Course Improvements (Pavilion and Parking Lot Projects):

The pavilion was completed, and the dedication was held on May 24, 2013. After the fire pit and score board were completed, any possible surplus funds would be reallocated to the EIC.

Downtown Utility Improvement Project:

The remaining poles were to be taken down this week.

3C. Update regarding "GO Team" activities:

Ms. Boyle reported that there was no "GO Team" meeting since the last EIC meeting.

3D. Update on River Trail and Parks projects:

Mr. Parton reported the design components and a schematic for the improvements to Louise Hays Park were expected soon, and it would go out for bid early next year. The contract for the utility lines should be awarded soon. The city was proceeding to obtain the easements on two properties. EIC discussed options regarding the River Trail that would continue east of Louise Hays Park.

3E. Kerrville Economic Development Corporation (KEDC) Update regarding KEDC Activities:

Jonas Titas reported that he was working with an investment group, who was interested in procuring the Sips Manufacturing Co. in the Chapman building, and they were expected to submit an application to the "GO Team" soon. He was also working with a company regarding the possibility of establishing a water park in Kerrville, and he had spoken with local land owners regarding this project.

4. INFORMATION AND POSSIBLE ACTION:

4A. Feasibility study for reuse of effluent water from the City of Kerrville Reclamation Plant.

Mr. Parton reviewed previous discussions between EIC and city staff regarding the possible uses of effluent water. He noted that the construction of containment ponds for effluent did qualify for 4B funding. Ms. Ondrias reviewed the scope of services for a reuse feasibility study by Freese & Nichols, Inc. Richard Weatherly and John New from Freese & Nichols, Inc. discussed their scope of services for the proposed project, and answered questions.

The following person spoke:

Robert Namun spoke in opposition to the project.

4B. Funding request for Cailloux Theater improvements from Playhouse 2000:

Ms. Boyle reviewed the funding request in the amount of \$118,000.00 for the improvements to the VK Garage Theater. The request included funding for improvements to the theater in the amount of \$69,000.00, and modular seating in the amount of \$49,000.00.

Ms. Keeble moved to approve the funding request as presented. Mr. Early seconded, and the motion passed 7-0.

4C. Funding request for Cailloux Theater improvements from the City of Kerrville:

Ms. Boyle reviewed the funding request in the amount of \$200,653.00, for improvements to the Kathleen C. Cailloux Theater. She reported that the project qualified for an Energy Efficient Grant. The request included funding for interior lighting in the amount of \$121,000.00 and exterior lighting in the amount of \$79,652.00.

Mr. Boyland moved to approve the funding request as presented. Mr. Howard seconded, and the motion passed 7-0.

4D. Guidelines and Procedures for 4B Sales Tax Funding Requests:

Ms. Boyle presented the revised document. The EIC discussed some possible changes. The consensus of the EIC was to postpone this item to the next meeting; Mr. Wampler, and Mr. Howard, would meet with City Council members and Mr. Titas to discuss several points.

Mr. Boyland moved to table this item to the next meeting. Mr. Howard seconded and the motion passed 7-0.

5. PUBLIC HEARING AND POSSIBLE ACTION:

5A. Grant Funding Agreement with Hill Country Quilt Guild:

Ms. Boyle reviewed the grant funding agreement, which was pursuant to the EIC's direction at their last meeting. A representative of the Quilt Guild reported that the quilt show was very successful.

The public hearing was opened by Mr. Wampler at 5:21 p.m. No one spoke, and Mr. Wampler closed the public hearing at 5:21 p.m.

Mr. Howard moved to approve the grant funding agreement as presented. Mr. Boyland seconded, and the motion passed 7-0.

6. EXECUTIVE SESSION:

There was no Executive Session.

ADJOURNMENT:

Mr. Wampler adjourned the meeting at 5:24 p.m.

4E. Establishing a new time and date of regular Economic Improvement Corporation (EIC) board meeting. (Board Member Keeble)

Mr. Wampler reconvened the meeting at 5:25 p.m. Ms. Keeble stated that, due to her responsibilities with the Kerr County District Attorney's Office, she had a conflict with meeting on the third Monday of each month. She suggested a change to either the first or fourth Monday of each month.

Mr. Boyland moved to change the meeting day of the EIC to the fourth Monday of each month, beginning with their July meeting. Mr. Howard seconded, and the motion was approved 7-0.

Mr. Wampler adjourned the meeting at 5:26 p.m.

APPROVED: _____

David Wampler, President

ATTEST:

Cheryl Brown
Deputy City Secretary

Agenda Item:

3A. Monthly financials for June 2013. (staff)

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

SUBJECT: EIC Financials

FOR AGENDA OF: July 22, 2013

DATE SUBMITTED: July 17, 2012

SUBMITTED BY: Sandra Yarbrough
Director of Finance

CLEARANCES:

EXHIBITS: Monthly Financials

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The City of Kerrville staff will present and update the EIC on a monthly basis as to the status of the EIC's financial position.

RECOMMENDED ACTION

Recommend acceptance of the financials.

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund

Cash Balance as of June 1, 2013		\$ 2,109,622
Deposits:		
Sales Tax	\$ 234,781	
Interest Revenue	\$ 404	
	<hr/>	
	\$ 235,186	
Expenses:		
Texas Arts and Crafts Fair	\$ 15,500	
Administrative Service Fee	\$ 8,333	
Transfer for Debt Service - 1999	\$ 42,083	
Transfer for Debt Service - 2012	\$ 14,167	
Transfer - Park Improvements	\$ 25,000	
Total Expenses	<hr/>	
	\$ 105,083	
Revenues Over (Under) Expenditures		<hr/>
		\$ 130,103
Ending Cash Balance as of June 30, 2013		<u><u>\$ 2,239,724</u></u>

City of Kerrville
Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expense Statement
For the month ending June 30, 2013

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 1,788,939		\$ 1,788,939		
REVENUE:					
Sales and Use Tax	\$ 2,425,000	\$ 234,781	\$ 2,051,813	84.61%	\$ 373,187
Interest	\$ 5,000	\$ 404	\$ 4,195	83.90%	\$ 805
Refund Airport/TXDOT	\$ -	\$ -	\$ 11,006		\$ (11,006)
Reimbursement - Colvin		\$ -	\$ 14,190		\$ (14,190)
Transfer In			\$ 80,000		\$ (80,000)
TOTAL REVENUE	\$ 2,430,000	\$ 235,186	\$ 2,161,203	88.94%	\$ 373,992
	Annual Budget	Current Period	Y-T-D Actual & Encumbrance	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Advertising/Supplies	\$ 500	\$ -	\$ 323	-	\$ 177
Transfer to Debt Service Fund	\$ 505,000	\$ 42,083	\$ 378,750	75.00%	\$ 126,250
Transfer to Debt Service Fund - River Trail	\$ 170,000	\$ 14,167	\$ 127,500		\$ 42,500
Economic Development Governing Body	\$ 175,000		\$ 127,000	100.00%	\$ 48,000
Annual Disclosure Fee	\$ 3,500		\$ 3,500		\$ -
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 75,000	75.00%	\$ 25,000
Total Administrative	\$ 954,000	\$ 64,583	\$ 712,074	74.64%	\$ 241,926
Category I - Business Development					
Unspecified	\$ 1,078,961			0.00%	\$ 1,078,961
Total Category I	\$ 1,078,961	\$ -	\$ -	100.00%	\$ 1,078,961
Category II - Quality of Life					
River Trail	\$ 300,000	\$ 25,000	\$ 225,000	75.00%	\$ 75,000
Downtown Wireless	\$ 100,000				\$ 100,000
Golf Course Improvements	\$ 608,141	\$ -	\$ 608,141	100.00%	\$ -
Texas Arts and Crafts Fair	\$ 15,500	\$ 15,500	\$ 15,500		
HCDJLS	\$ 150,000		\$ 149,703	99.80%	\$ 297
Total Category II	\$ 1,173,641	\$ 40,500	\$ 998,344	85.06%	\$ 175,297
Category III - Public Infrastructure					
Category III Unspecified	\$ 500,000			0.00%	\$ 500,000
Total Category III	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Contingency	\$ -				\$ -
TOTAL EXPENDITURES	\$ 3,706,602	\$ 105,083	\$ 1,710,418	46.15%	\$ 1,996,184
NET REVENUES TO EXPENDITURES	\$ (1,276,601)	\$ 130,103	\$ 450,785		
ENDING CASH BALANCE: June 30, 2013	Budget \$ 512,337		Actual \$ 2,239,724		

CITY OF KERRVILLE
 Economic Improvement Corporation
 SALES TAX REVENUE ANALYSIS

	Actual FY 2010	Actual FY 2011	Actual FY 2012	Approved FY 2013	Actual FY 2013	Difference Projected vs Actual	% of Projected Variance
October	\$ 179,735	\$ 184,602	\$ 219,934	\$ 184,164	\$ 226,663	\$ 42,500	23.08%
November	\$ 188,879	\$ 207,677	\$ 203,379	\$ 208,708	\$ 210,744	\$ 2,036	0.98%
December	\$ 170,981	\$ 169,550	\$ 208,227	\$ 186,363	\$ 204,782	\$ 18,419	9.88%
January	\$ 170,645	\$ 195,030	\$ 204,051	\$ 183,199	\$ 217,647	\$ 34,448	18.80%
February	\$ 236,837	\$ 241,320	\$ 264,744	\$ 256,158	\$ 284,177	\$ 28,018	10.94%
March	\$ 163,136	\$ 169,754	\$ 186,812	\$ 175,922	\$ 205,749	\$ 29,826	16.95%
April	\$ 160,461	\$ 157,729	\$ 185,835	\$ 173,572	\$ 215,800	\$ 42,228	24.33%
May	\$ 203,235	\$ 234,742	\$ 223,320	\$ 230,918	\$ 251,468	\$ 20,550	8.90%
June	\$ 182,429	\$ 186,441	\$ 195,775	\$ 189,807	\$ 234,781	\$ 44,975	23.69%
July	\$ 179,622	\$ 190,696	\$ 210,758			\$ -	#DIV/o!
August	\$ 221,711	\$ 238,491	\$ 239,007			\$ -	#DIV/o!
September	\$ 186,321	\$ 179,133	\$ 203,486			\$ -	#DIV/o!
Total	\$ 2,243,991	\$ 2,355,166	\$ 2,545,329	\$ 1,788,813	\$ 2,051,812	\$ 263,000	14.70%

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Debt Service Fund

Cash Balance as of June 1, 2013		\$ 270,367
Revenues:		
Transfer from Sales Tax Improvements Fund	<u>\$ 42,083</u>	
Total Deposits	<u>\$ 42,083</u>	
Expenses:		
Paying Agent Fee		
Bond Principal		
Bond Interest		
Total Expenses	<u>\$ -</u>	
Revenues Over (Under) Expenditures:		<u>\$ 42,083</u>
Ending Cash Balance as of June 30, 2013		<u><u>\$ 312,450</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Debt Service Fund
Revenue and Expense Statement
For the month ending June 30, 2013

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 421,672		\$ 421,672		
REVENUE:					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 42,083	\$ 378,750	75.00%	\$ 126,250
TOTAL REVENUE	\$ 505,000	\$ 42,083	\$ 378,750	75.00%	\$ 126,250
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
EXPENDITURES:					
Series 1999 Sales Tax Bond Debt Service	\$ 465,000	\$ -	\$ 465,000	100%	\$ -
Series 1999 Sales Tax Bond Interest Expense	\$ 33,248	\$ -	\$ 21,971	66%	\$ 11,277
Paying Agent Fees	\$ 1,000	\$ -	\$ 1,000	100%	\$ -
First Southwest Continuing Disclosure Fee	\$ -	\$ -	\$ -	-	\$ -
TOTAL EXPENDITURES	\$ 499,248	\$ -	\$ 487,971	97.74%	\$ 11,277
ENDING CASH BALANCE: June 30, 2013	\$ 427,424		\$ 312,450		

CITY OF KERRVILLE
 Economic Improvement Corporation
 EIC Capital Projects Fund

Cash Balance as of June 1, 2013		\$	1,094,131
Revenues:			
Hill Country Shooting Center	\$		-
Total Revenues/Transfer In	\$		-
Expenses:			
Services			
Special Services			
Golf Course Improvements		135,659	
	\$		-
	\$		135,659
Total Expenses	\$		135,659
Revenue Over (Under) Expenditures		\$	<u>(135,659)</u>
Ending Cash Balance as of June 30, 2013		\$	<u>958,472</u>

Agenda Item:

3B. Capital projects update. (staff)

Harper Highway Project Phase II

Golf Course Improvements (Pavilion and Parking Lot Projects)

Downtown Utility Improvement Project

River Trail and Parks projects

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

SUBJECT: Capital Projects Update

AGENDA DATE: July 22, 2013

DATE SUBMITTED: July 16, 2013

SUBMITTED BY: Todd Parton,
City Manager

CLEARANCES:

EXHIBITS/INFORMATION: Status Reports

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Attached are status reports for the following projects:

- Harper Highway Project Phase II
- Golf Course Improvements (Pavilion and Parking Lot)
- Downtown Utility Improvement Project
- River Trail and Parks Projects

RECOMMENDED ACTION

Update only. No action required.

EIC Status Report Harper Highway Utility Extension Phase Two

SCOPE

- Phase Two** Project consists of the construction of approximately 4,600 linear feet of 12" water main & appurtenances from the North end of Old Harper Road; thence west along the south line of Interstate I-10 R.O.W. to Harper Road (RM 783); thence south along both the east & west side of RM 783 to its intersection with Old Harper Road; thence, east along Old Harper Road to its intersection with Town Creek Road; Installation of 12" wastewater main from the North end of Old Harper Road; thence west along the south line of Interstate I-10 R.O.W. to the West side of Harper Road (RM 783); thence south along the west line of RM 783 to a property owned by the Kerrville Bible Church; and installation of 12" wastewater main from the intersection of Old Harper Road and Town Creek Road; thence Southwest along Old Harper Road to the west side of Harper Road (RM 783); thence North along the west line of RM 783 to the property North of the Northpoint Investors, LTD. property. In all, the sanitary sewer for this Phase 2 project includes approximately 3,000 linear feet of wastewater main & appurtenances.

Status

Construction contract was awarded to Qro Mex Construction at May 22, 2012 City Council meeting. Construction is complete. C-3 Environmental Specialties, LP was contracted to finalize the required revegetation and stabilization within the right of way of Harper Highway. Project final acceptance was issued May 7, 2013. City crews will be completing the repaving of that section of Old Harper Road that was disturbed during construction and they plan to complete this paving in August 2013 as part of their normal paving schedule.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Easement Acquisition or Property Agreements	6 easements to Cok completed through Legal and executed by property owner ± easement (Heward) in negotiation	Complete		
Misc. Reports/Permits	Approval from TxDOT for construction approval within Control of Access area in TxDOT right of way received.	Approved/Complete	TxDOT final approval of permits	
Design	TxDOT Permits	Approved	General construction permits for construction within TxDOT right of way	
Construction Drawings Bidding/Contracts Construction	under contract—HDR Engineering final plans/specs/costs/ documents Construction contract awarded to Qro Mex Construction 5/22/12 Construction Completed	Complete completed 4/2012 start June 2012; complete Dec. 2012	all project elements contract prep	

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
EIC funding (FA2008-013)	\$1,000,000	\$631,857.06	\$368,142.94	Construction \$580,000 Materials Testing \$38,000	

EIC Status Report Golf Course Pavilion Project

SCOPE	<ul style="list-style-type: none"> This project consists of approximately a 40'x40' pavilion with 1600 square feet of covered space with a standing seam roof to match the pro shop, rehabilitation of the retaining wall below the pavilion area, cart path connection from the pavilion area to the course, electrical outlets, lights, ceiling fans, score board for tournaments and stone/brick on the pavilion columns to bring the pro shop building and the pavilion together. Additionally, this project consists of the construction of an approximately 100 space parking lot, which will increase the existing parking by approximately 30 spaces; one main entrance into the golf course simplifying circulation; landscape islands to provide aesthetics and shade; a plaza area in front of the pro shop and a screen for the adjacent residences.
Status	<p>Construction contract was awarded to JM Lowe at February 12, 2013 City Council meeting. Construction began on February 26, 2013. The construction for the new pavilion, retaining wall, relocation of overhead utilities, parking lot paving, construction of fence and slope stabilization within the parking lot area is now complete. City is currently addressing minor outstanding issues regarding hand rail replacement along a portion of the golf pro shop porch area, lettering for the monument sign, rock columns at the exit, and extension of rock riprap along the Country Club right of way adjacent to the parking lot.</p>

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Design	Materials Testing and Survey	December 2012	Geotechnical Testing-Completed Survey-Completed	
	Design	December 2012/January 2013	Final Design Documents complete	Documents combined with the parking lot for one project at bidding
	Bidding	January-February 2013	Advertise-Jan 18,Jan 25 Prebid-Jan 29 Open Bids-Feb 5	Bids opened on Feb 5. Five bids received with low bid of \$328,150.00 for both improvement projects combined
	Award	February 2013	City Council agenda item for award-Feb 12	Council awarded the construction contract to JM Lowe on February 12, 2013
Construction		February-April 2013	Begin Construction-Feb 25 Final Punch List-April 30 Open for use-May 24	Preconstruction meeting was held on Feb 22. Construction began on Feb 26.

	<i>Allocation</i>	<i>Expended - Encumbered</i>	<i>Balance</i>	<i>Cost Est. for Package</i>	<i>Needed to Complete Package</i>
FA-2012-05 Survey Materials Testing Design	\$608,141.00 \$7,000.00 \$7,500.00 \$19,000.00 for Pavilion Parking lot improvements designed in house by Engineering Director and Project Engineer for a cost savings of approximately \$24,000.00	\$505,625.91	\$102,515.09	Construction \$330,000 Materials Testing \$4,000	
Construction	\$328,141.00				



KERRVILLE
PUBLIC
UTILITY
BOARD

2250 Memorial Blvd. • P. O. Box 294999 • Kerrville, Texas 780294999 • 830-257-3050 • FAX 830-257-8078

MEMORANDUM

To: David Wampler Kenneth Early
Rex Boyland Gary Cochrane
Larry Howard Polly Rickert
Councilmember Stacie Keeble

From: Mike Wittler

Date: July 17, 2013

Re: Update on Downtown Utility Conversion Project Status

The utility underground conversion project and pole removals were completed the week of June 17th.

We will complete a final walk through to identify any minor issues that require attention this week.

I will also have information about the final project costs at your meeting next week.

If you have any questions about the current status of the project, feel free to contact me at your convenience.

Sincerely,

Mike Wittler, P.E.
Chief Engineer
Kerrville Public Utility Board
Office 830-792-8270
Mobile 830-739-7834

Monthly Status Report

River Trail/Parks Projects

July 2013

4B Funds

\$6,000,000 (River Trail Project)

\$2,000,000 (Louise Hays and Lehmann & Monroe Parks Project Renovation)

Status Report Kerrville River Trail

Riverside Nature Center (RNC) to Louise Hays Park (Package A)

SCOPE

Extends from a new trailhead at the Riverside Nature Center parking lot, along the west property line of the RNC, down to the river's edge, under the Lemos St. Bridge, construction of a trail bridge across the river, through Tranquility Island, to the west end of the parking area in Louise Hays Park. The 10' wide trail will be constructed of concrete, except for the segment that runs along the RNC western property line. *Total trail length: 0.7 miles*

Amenities

Trailheads with lighting, observation/seating areas, bridge, drainage, and signage. [Additional amenities, such as trail entries, kiosks, and interpretive signage, will be added, once designed.]

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from RNC	complete (6/12; 9/12)	RNC to provide easement to City	requires RNC approval
	lease renewal to RNC from CoK	complete (6/12)	City to provide lease to RNC	City Council approval (6/12)
Property Survey	approval from TxDOT and GLO for use of state property	complete (5/12)	TxDOT approval of plans and Const./Maint. Agreement	SA office approval; include in MMA
	M&B and Topo surveys	complete (3/12)	identify property boundary and grades	
Misc. Reports/Permits	LOMR	upon trail completion	flood level impact, if any	submittal to FEMA
	TPWD (land & water permit)	complete (5/12)	coffer dam - bridge construction review	review by TPWD
Design	USACE	complete (5/12)	involves jurisdictional waters of the US	no USACE permit required
	contract - Hewitt Engineering			
Routing	location of trail	complete (12/11)	define gradients and layout	
Preliminary Design	schematic plans; prelim. costs	50% review - complete (12/11)	all project elements	
		75% review - complete (1/12)	all project elements	
		90% review - complete (2/12)	all project elements	
Construction Drawings Bidding/Contracts	final plans/specs/costs/ documents	complete (3/12)	all project elements	
	secure contractor	bid (3/12); awarded (5/12) to Westar Construction	bid process, contract prep	project delay, bid cost, permit approvals, etc.
Construction	construct project	start (5/12); <u>complete (12/12)</u>	sequencing of work	Dedication and opening 12/15/12

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
G.O. bonds (2002) Park Dedication Funds	\$500,000 - 25,000 \$525,000	2002 bonds \$147,112 [includes completion of the River Trail Master Plan and survey work]	\$377,888	Construction bid: \$667,427 plus 10% contingency \$735,000	2002 bonds \$377,888 2011 bonds \$357,112 (includes contingency)
COs (4B)	\$357,112				

Status Report Kerrville River Trail

Louise Hays Park to G St. (Package B) and Parks Project

SCOPE

Connects to the west end of the Louise Hays Park parking lot (Package A), through Louise Hays Park and Lehmann & Monroe Park, to G St. (west r.o.w. line). The 10' wide trail will be constructed of concrete. This Package will be coordinated with the Jefferson Wastewater Project and Water Transmission Line Project, both slated for completion by early 2014. This segment will include the entire scope of work for the Louise Hays Park/Lehmann & Monroe Park Project, as funded by 4B. *Total trail length: 1 mile*

Amenities

Trail - trailheads with security lighting, observation areas, seating areas, bridging, drainage, signage, trail entries, kiosks, and interpretive signage.
Parks - park amenities, amphitheater/stage, interactive water feature, event areas, large pavilion upgrades, river access, restrooms, roads/parking, lighting, utilities, landscaping, signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easements to CoK from property owners construction easements, if needed	complete by 10/31/13 na	CoK to secure easements from property owners; title work and surveys na	from property owner
Property Survey	M&B and Topo surveys	M&B - complete (9/12) Topo - partially complete	identify property boundary and grades	
Misc. Reports/Permits	LOMR TPWD (land & water permit) GLO (state property use)	upon trail completion 12/1/13, if needed 12/1/13, if needed	flood impact, if any environmental impact to state waters routing preference	may require submittal to FEMA review by TPWD approval by State, if needed complete (6/12)
Design	-Trail Routing Options - Half -Design Contract - Half*	complete (6/12) complete (approved 12/11/12)	define route options w/ costs all remaining design phases	Council approval (12/11/12)* coord. with utilities projects
Preliminary Design	schematic plan with amenities; prelim. costs	50% review - (partially complete) 75% review - 90% review -	all project elements all project elements all project elements	
Construction Drawings	final plans/specs/costs/ documents	complete by late 2013	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	early 2014	bid process, contract prep	project delay, bid cost, etc.
Construction	construct project	start early 2014	sequencing of work	typical delays/field alterations

* Half Assoc. contract terminated; to receive proposal from Peter Lewis Architect + Assoc. for final design and construction document prep. New proposal will require Council approval.

FUNDING - BUDGET

	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B) - River Trail	\$1,000,000	Design fee: \$99,537	\$900,463		
COs (4B) - LHP/LMP Project	\$2,000,000	\$199,073	\$1,800,927		

Status Report Kerrville River Trail

G St. to Kerrville-Schreiner Park (Package F)

SCOPE	Extends from G St. (west r.o.w. line) along the south bank of the river into Kerrville-Schreiner Park. The 10' wide trail will be constructed of concrete. This Package will be coordinated with the Jefferson Wastewater Project and Water transmission Line Project, both slated for completion by fall 2013. <i>Total trail length: + 2 miles</i>
Amenities	Trailheads with parking, security lighting, observation areas, seating areas, trail bridges, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners; land acquisition	complete by 8/31/13	CoK to secure easements/deed from property owners	
Property Survey	construction easements, if needed	complete by 12/13, if needed	determine need by 10/13	from property owner
Misc. Reports/Permits	M&B and Topo surveys	M&B - complete (9/12) upon trail completion	identify property boundary and grades	coord. w/ utilities projects
	LOMR	12/1/13, if needed	flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)	complete (6/12)	environmental impact to state waters	
Design	-Trail Confirmation - Terra Design Group (TDG)		define route options w/ costs	complete (6/12)
	-Final Design Contract – TDG	Complete (6/23/13)	all remaining design phases	Council approval (6/23/13)
Preliminary Design	schematic plans with amenities; prelim. costs	50% review – 75% review – 90% review –	all project elements all project elements all project elements	coord. with utilities projects
Construction Drawings Bidding/Contracts	final plans/specs/costs/ documents	complete by late 2013	all project elements	project delay assoc. with approvals
	secure contractor	early 2014	bid process, contract prep	project delay, bid cost, etc.
Construction	construct project	Start early 2014	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)	\$2,300,000	\$228,305	\$2,071,695		

Status Report Kerrville River Trail

RNC to Knapp Crossing (Packages C and D)

SCOPE	Extends from a new trailhead at the Knapp Crossing Boat Ramp parking lot, runs adjacent to the river, ties into the Guadalupe St. r.o.w.(Package D) extends to Guadalupe Park and connects to Package A (Package C). The 10' wide trail will be constructed of concrete. Total trail length: 1.6 miles
Amenities	Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, interpretive signage, and private improvement interface.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	TBD	CoK to secure easements from property owners	from property owner
	construction easements, if needed	TBD	TBD	from property owner
Property Survey	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
Misc. Reports/Permits	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		environmental impact to state waters	review by TPWD
Design	TBD	(partially complete)		waiting for private development
	location of trail	(partially complete)	define gradients and layout	" " "
Preliminary Design	schematic plan with amenities;	50% review -	all project elements	
	prelim. costs	75% review -	all project elements	" " "
		90% review -	all project elements	" " "
Construction Drawings	final plans/specs/costs/ documents	TBD	all project elements	" " "
Bidding/Contracts	secure contractor	TBD	bid process, contract prep	" " "
Construction	construct project	TBD	sequencing of work	" " "

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

Status Report Kerrville River Trail

Knapp Crossing to West Terminus (Package E)

SCOPE	Extends from Knapp Crossing trailhead to the west terminus of trail on Junction Hwy along the river's edge. The 10' wide trail will be constructed of concrete. Total trail length: up to 1 mile
Amenities	Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	TBD	CoK to secure easements from property owners	from property owner
	construction easements, if needed	TBD	TBD	from property owner
Property Survey	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
Misc. Reports/Permits	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		environmental impact to state waters	review by TPWD
Design	TBD			
Preliminary Design	schematic plan with amenities; prelim. costs	50% review – (partially complete)	all project elements	waiting for private development
		75% review –	all project elements	" " " "
		90% review –	all project elements	" " " "
Construction Drawings	final plans/specs/costs/ documents	TBD	all project elements	" " " "
Bidding/Contracts	secure contractor	TBD	bid process, contract prep	" " " "
Construction	construct project	TBD	sequencing of work	" " " "

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

Other Services to be Evaluated

Required reporting and permitting may dictate additional professional services or consolidation of services assigned to the design teams. These include, but are not limited to, the following.

1. Floodplain/Floodway Impact, Hydraulic Analysis, Section 404 – Clean Water Act submittals (Corps of Engineers), and Flood Insurance Rate Map/ Letter of Map Revision preparation and submittal (CoK, FEMA) may be best completed by one firm in order to comprehensively address the issues and data collection/reporting. This could avoid multiple submittals (costs) and reduce mistakes and need for resubmittals. We will make a determination on this approach in the near future.
2. Archeological and Environmental Surveys and Section 404 review will need to be completed in areas where sensitive site conditions are probable. We anticipate no extreme findings in the initial surveys/reports; however, if further study is required by state or federal agencies, those services will require amendments to trail segment allocations and the consultant contracts.
3. TDLR permitting for ADA compliance, CoK building permits, Texas Historical Commission plan review, any other city or state agency submittals, will best be submitted by each of the design teams at the time of plan completion. This keeps regulation compliance with the design teams.

Agenda Item:

3C. Update regarding "Go" Team activities. (staff)

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

SUBJECT: Update on "GO Team" activities

FOR AGENDA OF: July 22, 2013 **DATE SUBMITTED:** July 16, 2013

SUBMITTED BY: Ashlea Boyle, *AB* **CLEARANCES:** Todd Parton,
Main Street / Special Projects Manager City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The Economic Development "GO Team" met on June 26, 2013 to discuss the funding request application from iStructures LLC. The team evaluated the application and found that the application qualifies for 4B funding.

RECOMMENDED ACTION

This report is provided for informational purposes only and no action is required.

Agenda Item:

3D. Kerrville Economic Development Corporation (KEDC) update regarding KEDC activities. (Jonas Titas)

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

SUBJECT: Update on Kerrville Economic Development Corporation Activities

FOR AGENDA OF: July 22, 2013

DATE SUBMITTED: July 16, 2013

SUBMITTED BY: Ashlea Boyle, *AB*
Main Street / Special Projects Manager

CLEARANCES: Todd Parton,
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

This is a routine update from the KEDC Executive Director regarding KEDC activity.

RECOMMENDED ACTION

This is for information only. No recommended action.

Agenda Item:

3E. KEDC Work Program Update. (Jonas Titas)

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

SUBJECT: Update on Kerrville Economic Development Corporation Work Program

FOR AGENDA OF: July 22, 2013

DATE SUBMITTED: July 16, 2013

SUBMITTED BY: Ashlea Boyle, 
Main Street / Special Projects Manager

CLEARANCES: Todd Parton,
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The KEDC Executive Director will provide an update on the KEDC Work Program.

RECOMMENDED ACTION

This is for information only. No recommended action.

Agenda Item:

4A. Funding request from iStructures LLC. (staff)

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

SUBJECT: 4B Sales Tax Funding Request from iStructures

FOR AGENDA OF: July 22, 2013 **DATE SUBMITTED:** July 17, 2013

SUBMITTED BY: Ashlea Boyle, *AB* **CLEARANCES:** Todd Parton,
Main Street / Special Projects Manager City Manager

EXHIBITS: Cover Letter dated May 23, 2013

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

An application has been submitted by iStructures as they intend to reopen the Chapman building, located at 5275 Hwy 27, to continue manufacturing of Structural Insulated Panels (SIPs) for exterior walls and roof construction. iStructures is a newly formed company that plans to purchase the assets of SIPs Texas, a manufacturer of SIPs which shut down its operation in June 2012. The assets of SIPs Texas were purchased in 2009 from Steve Chapman and his company Chapman Building Systems, which was in operation from 1999-2009. The management team has raised \$875,000 in equity and is looking to raise additional financing to fund the purchase of the assets and provide working capital for the company. The new operation will add 12 new full time employees at startup and average 21 employees in the first year and increase to an average of 35 in year two and 40 in year three. The average production wage will be \$15 per hour.

Staff has reviewed codes associated with the potential connection of this facility to the utility system as well as applicable codes which might be associated with potential annexation. At this time, as long as no additional changes are made to the facility both internally (remodeling) or externally (additions / expansions) and no change in the use of the facility are done, this building would be subject to the 2006 International Existing Building Code. Under these conditions and this code, the subject facility would not be required to install a fire sprinkler system or be brought up to any current codes beyond the requirements of the 2006 IEBC.

The KEDC Board voted to recommend that this project be brought forward for consideration. They found that this is a viable project that is worthy of consideration and

that it is consistent with the community's targeted markets.

The "GO Team" met to evaluate this project and finds that it is feasible in that the uses are allowed under the current regulations. The "GO Team" also evaluated this project from an economic perspective and found that this project is a quality candidate for funding provided that the value of incentive not exceeds a return on investment beyond 10 years.

A copy of the complete funding application will be made available to the EIC Board for executive session deliberations or to be viewed independently by the board at KEDC offices.

RECOMMENDED ACTION

City staff recommends the consideration and approval of this funding request and for direction for a funding agreement to be drafted. It is further recommended that the funding agreement be developed to incorporate the following:

1. A minimum of 40 jobs with an average wage of \$15 per hour with an annual job report;
2. An anticipated return on investment within 10 years; and
3. A total value of incentives not to exceed \$200,000.

May 23, 2013

Jonas Titas
Kerrville Economic Development Corporation
1700 Sidney Baker, Ste. 100
Kerrville, TX 78028

Dear Jonas,

Please find below a brief executive summary of the market and our business plan for developing the leading green building panel manufacturer in Texas. We are excited about building great place for people to work and learn and look forward to developing strong roots in the Kerrville community.

The Market Opportunity: The construction industry is undergoing a period of transition as it faces a return to growth. Pressure from increasing regulation and building owners is pushing for more efficient building envelopes and construction processes. This combination of market pressures is forcing the architectural and contracting communities to look for new methods of building. One proven alternative for residential and light commercial buildings is the use of Structural Insulated Panels (“SIPs”) for exterior walls and roofs. SIPs are currently used in approximately 1% of the housing starts in the United States and have a proven 60-year track record.

The SIP industry is expected to grow significantly.

- ✓ SIPs provide continuous insulation, high R-values per inch, and a tightly sealed shell. It is estimated that a house constructed with SIP walls and roofs will use 50% less energy compared to a house built with traditional stick & batt insulation construction practices.
- ✓ SIPs dramatically increase the speed of construction because they are prefabricated in an offsite, weather controlled manufacturing facility and erected in three to four times quicker than traditional stick framing & batt insulation.
- ✓ SIPs efficiently meet or exceed the new requirements under the 2012 IECC energy building codes requiring a continuous layer of insulation. Architects and builders will need to change the way they design and build to meet these codes.
- ✓ The SIP market should benefit from the general upturn in the number of building starts over the next 5 years.

SIPs have traditionally been used primarily in the residential markets, but recently have been adopted in light commercial buildings including professional offices, churches, convenience stores, and apartment buildings, and light industrial. Existing SIP companies which 10 years ago saw only residential opportunities are currently selling over 50% of their volume for light commercial applications. The growth of the light commercial market provides the opportunities for larger projects that with similar overhead requirements lead to improved margins. Many commercial building owners are adopting more efficient building practices including the repetitive use of designs. These types of projects also typically improve margins for SIP manufacturers.

The US non-residential and residential Green building market is expected to grow to \$100 billion in 2013 compared to \$10 billion in 2005. Framing and insulation services sold into this market can represent up to 15% of the total cost, or \$15 billion in 2013. SIPs can play an important role in this market. In 2010, 4,925 residential homes used SIPs representing 1% of the residential single-family starts. The average value of SIPs used in a residential home is \$23,000, making the 2010 market for SIPs valued at \$113 million. In 2010 approximately 2,573 non-residential buildings used SIPs worth approximately the same value as the residential SIP market.

iStructures is a newly formed company. iStructures plans to purchase the assets of SIPs Texas, a manufacturer of SIPs which shutdown its operations in June 2012. The assets of SIPs Texas were purchased in 2009 from Steve Chapman and his company Chapman Building Systems, which he ran for 10 years from 1999 to 2009. Steve Chapman will be the Chairman of iStructures and bring his wisdom and insight back to the company he formed. In addition, to Steve Chapman, iStructures will be managed by Trevor Huffard (CEO), Thad Chambers (Salesman with SIPs Texas and Chapman Building Systems), and Rich Bloem (see management bios below). The management team at iStructures has raised \$875,000 in equity and is looking to raise additional financing to fund the purchase of the assets and provide working capital for the company. iStructure will be the only SIP manufacturer in Texas to possess CNC machinery able to produce high quality panels at high volumes. iStructures also plans to become a R-Control (www.rcontrol.com) compliant manufacturer which will provide comprehensive engineering for its panels as well as added performance characteristics.

iStructures' management team expects to:

- ✓ Develop a professional sales force and marketing program; driving penetration and market share,
- ✓ Expand its product offerings and services including window & door installation, prefabricated interior wall panels, electrical and plumbing prep, and site installation; significantly increasing its revenue potential,
- ✓ Invest in design software, an ERP system, and CNC controlled equipment; improving manufacturing efficiencies, throughput, and quality, and design flexibility.

We are projecting \$4.0 million in revenue in the first year of operations, increasing to \$10.0 million in 3 years. Though we look forward to building homes and commercial sites in Kerrville, we project that over 95% of the revenue will be derived from outside of the Kerrville area. We expect to begin production in August 2013 and begin employing approximately 12 at startup and averaging 21 employs in the first year. We expect to increase employment to an average of 35 in our second year and 40 in our third year.

Experienced Management Team: iStructures has assembled an experienced management team with both industry expertise and proven startup management capabilities. They include:

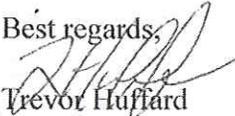
- ✓ Trevor Huffard – CEO - 15 Years leading construction and building products companies. Operated both manufacturing plants and site built construction projects. Extensive consolidation and public market financing experience.
- ✓ Steve Chapman – Chairman - Founder and former owner of the assets of SIPs Texas. Over 40 years experience in construction and real estate related businesses.
- ✓ Thad Chambers – Southern Sales Manager - Former Sales Manager for SIPs Texas and currently an independent SIP sales rep. 15 years experience in the SIP industry.
- ✓ Rich Bloem – Northern Sales Manager - Former Sales Manager for Team Industries and currently an independent SIP sales rep. 15 years experience in the SIP industry.

iStructures' Projections:

	For the Month Ending:		For the 12 Months Ending:			
	Jun-30-2014	%	Jun-30-2015	%	Jun-30-2016	%
Gross Revenues	4,084,315	100.0%	7,434,256	100.0%	9,620,466	100.0%
Materials	2,012,199	49.3%	3,668,407	49.3%	4,764,315	49.5%
Labor	372,816	9.1%	572,583	7.7%	662,259	6.9%
Total COGS	2,385,015	58.4%	4,240,991	57.0%	5,426,574	56.4%
Gross Profit	1,699,300	41.6%	3,193,265	43.0%	4,193,891	43.6%
SG&A	1,496,469	36.6%	2,243,308	30.2%	2,577,805	26.8%
Operating Profit	202,832	5.0%	949,957	12.8%	1,616,086	16.8%
EBITDA	279,233	6.8%	1,102,898	14.8%	1,756,457	18.3%

The Product: SIPs are manufactured by laminating a sheet of orient strand board (“OSB”) to either side of a rectangular block of foam creating a sandwiched panel, similar in concept to an ice cream sandwich. These panels are structurally very strong, dramatically outperforming traditional stick framing. The foam used in a SIP panel is an excellent insulator with a high R-Value per inch. Panels can be manufactured up to 24’ x 8’ and between 3 and 12 inches thick. They have no thermal bridging which is inherent in stick building. Because individual panels are interlocked with the panels next to it, they form a tight exterior shell unlike traditional stick framing that leaks due to wood shrinkage and the inherent leaky nature of batt insulation. SIPs are engineered products and must go through expensive testing before they can be sold. Existing companies with this testing completed will have an inherent competitive advantage to newcomers.

We look forward to developing a mutually beneficial relationship with the Kerrville Economic Development Corporation. Please feel free to contact me for additional information at thuffard@gmail.com or at 203-293-5404.

Best regards,

 Trevor Huffard
 Chief Executive Officer
 iStructures LLC

Agenda Item:

4B. Funding request from the City of Kerrville for a feasibility study for reuse of effluent waste from the City of Kerrville Reclamation Plant. (staff)

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

SUBJECT: Consider funding application for a feasibility study to construct reuse ponds for future water infrastructure needs.

FOR AGENDA OF: July 22, 2013 **DATE SUBMITTED:** July 18, 2013

SUBMITTED BY: Kristine Ondrias *KO* **CLEARANCES:**
Assistant City Manager

EXHIBITS: Funding Application; Scope of Services from FNI

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$ 135,000.00	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

In April 2013, at the request of EIC, staff presented preliminary information on the concept of constructing reuse ponds for future water infrastructure needs. At the conclusion of the discussion, EIC directed staff to continue to explore the next step to determine feasibility of the location of a reuse pond on the city land discussed, the cost of converting in the future to potable water for storage, and determine the capacity of such ponds.

Staff worked with Freese and Nichols, Inc. on the attached scope of services to study the feasibility of the reuse pond system and presented this scope at the June 2013 meeting. This study would include environmental survey and permitting, geotechnical evaluation for potential depths of the ponds, landfill evaluation for existing permits and expansion needs, review of the flood plain and reuse regulatory requirements. Draft report would take about 180 days from the Notice to Proceed. The following is a project schedule should the EIC proceed:

July 2013	EIC to consider Funding Application
August 2013	EIC holds a public hearing and considers Funding Agreement
September 2013	City Council considers Funding Application
November 2013	Funds are available and Notice to Proceed is issued
May 2014	Draft report ready for review

RECOMMENDED ACTION

Discuss and consider funding application.

EXHIBIT A
City of Kerrville
Reuse Feasibility Study
SCOPE OF SERVICES

A. Environmental Services

- A1. Site Visits: Prior to making a field visit, FNI will obtain information for the vicinity such as soils maps, National Wetland Inventory maps, topographic maps, floodplain maps, and other readily available, pertinent data. This information will be evaluated to guide the field survey described below. FNI's scientists will conduct a pedestrian survey of the proposed reuse pond(s) and associated facilities to assess the conditions at the site.
- A2. Section 404 Permitting: Waters of the U. S. are regulated by the USACE and require a permit for activities conducted within the jurisdictional boundaries. The presence of jurisdictional waters such as ephemeral, intermittent, or perennial streams; wetlands; or other open waters will be documented and mapped.
- A3. Threatened and Endangered Species Survey: FNI will conduct reconnaissance-level field surveys within the area of the proposed water reuse ponds to identify potential habitat and document any threatened or endangered (T&E) species encountered. Emphasis will be on federally listed species, but the Texas Parks and Wildlife Department T&E species database will be reviewed and documented.
- A4. Archeological Review: FNI environmental scientist will provide desktop review of the Texas Archeological Research Laboratory (TARL) to determine the likelihood and potential extent of coordination with the Texas Historical Commission (THC). Subsequent activities, potentially including shovel test and/or backhoe trenching, may require the services of a qualified archeologist, as an additional service.
- A5. Environmental Permitting Technical Memorandum: FNI will prepare a technical memorandum that will include a description of field observations described above; and if so, the type(s) of waters; an estimate of the area of impact to waters of the U.S.; and a discussion of USACE 404 permit authorizations. The results of the T&E species review will also be documented in the memorandum.

B. Geotechnical and Landfill Investigation

- B1. Geologic Atlas Review: FNI will review the Geologic Atlas of Texas to study general geologic conditions at the project site
- B2. Select Locations for Exploratory Borings: FNI will select locations for exploratory borings and coordinate with Texas 811 and the City regarding underground utilities, other existing construction and accessibility. The borings will be staked the same day as drilling occurs.

- B3. Perform Drilling of Borings: FNI will subcontract with a drilling contractor to drill a total of 8 borings to a depth of 25 feet for the re-use ponds (5 borings for Ponds 1 and 2 and 3 borings for Pond 3). Samples will be collected intermittently using continuous flight augers and either split-spoon or tube samplers. At completion, the boreholes will be backfilled with auger cuttings to the ground surface.
- B4. Lab Testing and Log Preparation: FNI will provide an engineer or geologist to direct the drilling, log the borings, record field test data, and handle and transport the samples. FNI will select samples for laboratory testing, assign tests, deliver samples to a subcontractor laboratory selected by FNI (with concurrence by City of Kerrville) and review test results. Testing is expected to include classification tests (liquid and plastic limits and percent passing a #200 sieve or gradation) and moisture content tests.
- B5. Technical Memorandum on Geotechnical Investigation: Prepare a technical memorandum summary report of the geotechnical investigation to include:
- Appendix with the boring locations, boring logs, laboratory test results, and a key to the symbols used.
 - Discussion of subsurface conditions and soil properties indicated by the field and laboratory work, and the implications for design.
 - General discussion of expected earthwork and construction related issues
- B6. Review Landfill Documents: Review existing landfill documents (Site Development Plan, Monitoring Well Data, etc.) and identify potential issues related to the impact of the landfill on the re-use ponds.
- B7. Conference Call on Landfill Issues: Discuss with City staff (by telephone) existing landfill data, including City monitoring of leachate, groundwater issues (if present) and future plans for landfill expansion, and the impact these issues may have on the re-use ponds.
- B8. Technical Memorandum on Landfill Issues: FNI will provide a technical memorandum that identifies potential landfill issues that may impact the operation of the re-use ponds.

C. Flood Plain Analysis

The Federal Emergency Management Agency (FEMA) floodplain map shows that the subject tributary has an approximate floodplain noted as Zone A on FIRM Panel 48265C0490F. We understand that the City wishes to establish base flood elevations along the subject tributary to more accurately define the existing condition floodplain. To accomplish this FNI proposes to complete an existing condition study for this project by developing hydrologic and hydraulic models to reflect current conditions and floodplain limits. This floodplain will then be evaluated to determine how it affects the potential development of the project. If floodplain reclamation is needed for the proposed development, FNI will coordinate with the City to discuss the feasibility of reclaiming or reshaping the floodplain.

- C1. Data Collection: Utilize topographic data obtained during Task G for watershed delineations. A site visit will be made to determine hydrologic and hydraulic conditions

and parameters. City specific flood study requirements will be coordinated with the City. Obtain GIS base data from the City, including existing land use maps, road centerlines, building footprints, property lines, and aerials. Obtain as-built data for road crossings within the study limits from the City and/or County

- C2. Hydrologic Analyses: Using topographic data obtained in Item 1, develop a drainage area map to describe stormwater runoff patterns through the study limits. Use USDA soil data to determine hydrologic soil groups for each watershed.
- Determine existing land use conditions in the watershed based on field visits, information obtained from the City and available maps.
 - Determine hydrologic parameters including curve numbers, time of concentration, hydraulic lengths, and slopes for existing land use conditions.
 - Develop a hydrologic model using USACE HEC-HMS to describe the expected stormwater runoff through the study limits for the 100-year storm event based on existing land use conditions.
 - For scoping purposes, it is assumed that runoff conditions along the reach will remain the same between pre-project and project conditions; therefore changes to the flow regime based on project conditions is not included and can be developed as an additional service.
- C3. Pre-Project Hydraulic Analyses: Develop new cross section data using topographic data obtained in Item 1 to adequately describe the study reach.
- Add bridge and culvert information for structures within the study limits. It is assumed that geometry data for the crossings will be based on approximate field measurements and topography data.
 - Develop a pre-project condition hydraulic model through the study reach for the storm events described above.
 - Delineate 100-year floodplain limits through the study reach based on existing land use conditions for pre-project conditions.
- C4. Project Team Coordination: Attend one meeting with the City to discuss the impacts of the pre-project floodplain on the proposed development and develop up to three (3) conceptual project alternatives to mitigate such impacts.
- C5. Project Conditions Hydraulic Analyses: Modify the pre-project condition cross sections to develop a project conditions hydraulic model for up to three (3) project alternatives. Prepare a tabular comparison of the project conditions results to the pre-project condition flood levels and velocities to determine if there are any adverse impacts due to project conditions. This comparison shall be completed for up to three project alternatives. Delineate 100-year floodplain limits through the study reach based on existing land use conditions for up to three (3) project conditions.
- C6. Prepare Hydrologic and Hydraulic Analyses Technical Report: Summarize the hydrologic and hydraulics analyses outlined in Items C1-5 above. Report text shall include a description of the methodology used in the analysis, hydrologic results, pre-project conditions hydraulic results, up to three (3) project conditions hydraulic results and a final design recommendation.

- a. Figures shall include a drainage area map depicting the time of concentration path for each basin, existing land use maps, soils map, cross sections map and floodplain delineations for both pre-project and project conditions.
- b. Schematic designs of up to three (3) project alternatives shall be developed to describe the general concept of each alternative, including plan view and typical cross section alignments.

D. Water Reuse Pump Station Requirements

- D1. Analyze Topographic Information: FNI will analyze topographic information from Task G to determine if possibilities exist for gravity flow to or from the plant and the proposed reuse ponds. FNI will also recommend a preliminary location for a reuse pump station.
- D2. Reuse Pump Station Arrangement and Pipe Sizing: FNI will analyze the feasibility of a single, multi-use pump station or if two, separate pump stations would be required for the reuse project. FNI will describe the pump station arrangements and discharge pipe size. Drawings are not included in the scope of services.

E. Water Reuse Regulatory Requirements

- E1. Permitting Requirements: FNI will analyze regulatory requirements that relate to the feasibility of the proposed reuse project.
- a. Permeability standards - FNI will identify permeability requirements for the proposed effluent storage pond, considering the historical effluent quality and pond location. FNI will also determine if this location is within the Edwards Aquifer recharge zone.
 - b. Existing Reuse Authorization - FNI will review the existing reuse authorization to determine if the proposed project requires amendment of the existing authorization.
 - c. TCEQ Chapter 210 – FNI will analyze this regulation to determine if there are any additional requirements for the proposed reuse project as currently conceived.
- E2. Reuse Pond Treatment Requirements: FNI will analyze and document the categorical quality of the existing plant's wastewater effluent prior to storage in the proposed reuse ponds (effluent quality – Type 1 or Type 2).
- E3. Future Reuse Strategies: FNI will evaluate the future reuse strategies under consideration by the City for direct potable water reuse and aquifer storage and recovery (ASR).
- a. Direct Potable Water Reuse – FNI will briefly discuss existing regulatory requirements for direct potable water reuse and blending ratio practices. FNI will also discuss trends in Texas and across the United States with respect to direct potable reuse projects. Direct potable reuse system drawings and costs are not included in this scope of services.
 - b. ASR – FNI will discuss the treatment/regulatory requirements for sending reclaimed water to an ASR system.

F. Cost Development and Report Preparation

- F1. Conduct Kickoff Meeting with City: FNI will conduct a kick-off meeting with the City to discuss project goals, scope, schedule, and milestones. FNI will coordinate this kickoff meeting's timing so that initial site investigations can be done on the same day. FNI will submit a data request memorandum outlining the data needs and schedule for the project. FNI will prepare and provide meeting minutes.
- F2. Data Collection: FNI will compile information from the City including GIS files, wastewater and reuse system data, and landfill data for use in the feasibility study.
- F3. Develop Conceptual Reuse Costs, Schedule, and Mapping: Develop costs for each proposed project in Year 2013 dollars including engineering and contingencies. GIS maps will be produced showing proposed projects and recommended in-service dates of proposed projects. FNI will provide City with cost and schedule data needed for City to perform reuse system cost analyses.
- F4. Prepare Draft Reuse Feasibility Report: FNI will prepare a Reuse Feasibility Report summarizing the feasibility of the Reuse System. An electronic PDF file and five hard copies of the Draft Report will be submitted to the City for review.
- F5. Conference Call with City to Review Draft Reuse Feasibility Report: FNI will conduct a conference call with City to discuss the Draft Reuse Feasibility Report. Comments will be solicited and incorporated into the Final Reuse Feasibility Report.
- F6. Finalize Reuse Feasibility Report: FNI will revise the report based on City's comments and submit 10 final hard copies and one electronic copy in PDF format of the Reuse Feasibility Report to the City.
- F7. Council and EIC Presentations: FNI will present the Reuse feasibility report to City Council and the City's Economic Improvement Corporation. FNI will be available to answer questions and discuss content.

G. Surveying (by sub-consultant MDS Land Surveying)

- G1. Locate and verify existing survey control: The work shall include all horizontal and vertical coordinates of the survey. The survey shall use the same coordinate system typically used by the City of Kerrville and compatible with the City's existing survey data and adjoining construction projects. The surveyor is responsible for locating any benchmarks necessary to establish his work in this coordinate system.
- G2. Provide survey data for the Kerrville WWTP proposed pond locations
- G3. Tie in the existing features and structures on the survey as follows:
 - a. WWTP structures
 - b. Re-use water outfall
 - c. Trees greater than twenty-four (24) inches in diameter



- d. Building and structures on City property
- e. Edges of roadway
- f. Channels and drainage ways
- g. Utilities, signs and structures (Gas To Be Marked By Atmos)
- h. Fences and property pins
- i. Geotechnical Boring locations (to be staked by FNI)
- j. Edges of impounded water, floors of ponds (by sounding or rodding), and grade breaks

G4. Research and locate utilities and easements within the project boundaries.

G5. Provide sufficient ground shots to create two (2) foot contours for the project. Level fields may be surveyed using 300 ft. grid spacing, or as required to obtain contours.

Summary of Reuse Feasibility Study Deliverables

- 1. Technical Memorandums:
 - a. Environmental Permitting
 - b. Geotechnical Investigation
 - c. Landfill Issues
 - d. Hydrologic and Hydraulic Analyses
- 2. Draft and Final Reuse Feasibility Study Report

Schedule for Reuse Feasibility Study

- 1. Draft Report within 180 Days after NTP
- 2. Final Report within 15 days after receiving City Comments

Summary of Reuse Feasibility Study Fee

Task A - Environmental Services	\$9,000
Task B - Geotechnical and Landfill Investigation	\$17,500
Task C - Flood Plain Analysis	\$45,000
Task D & E - Pump Station and Treatment Requirements	\$31,000
Task F - Cost Development and Report Preparation	\$22,500
Task G - Surveying	<u>\$10,000</u>
TOTAL:	\$135,000

**City of Kerrville Economic Improvement Corporation
4B Sales Tax Funding Request
Guidelines and Procedures**

Economic Improvement Corporation

Both the Economic Improvement Corporation Board of Directors (EIC) and the Kerrville City Council must approve expenditures of 4B funding. Before a project may be considered and awarded funds, the attached application must be completed and submitted to:

**City of Kerrville Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028
830.257.8000**

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B. The EIC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a city-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and/or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

Types of Projects

The Economic Improvement Corporation will consider applications for:

1. **Direct contributions to business development;** projects should include support of retention, expansion, or recruitment, resulting in public economic benefit, and economic and demographic analyses used for policy development.
2. **Quality of Life projects;** projects which are owned by the City of Kerrville upon completion; or, where funding is requested for the construction of private (which includes non-profit) development projects, but only if the resulting facility is accessible or open to the public; both such Quality of Life projects indirectly result in economic benefits.
3. **Participation in Public Infrastructure;** necessary to facilitate private development, resulting in public economic benefit.

Guidelines and Procedures

Business Development and Participation in Public Infrastructure Projects

Application

The City of Kerrville will accept applications for projects at any time. Applications will not be considered until complete. Applicants must be available to present projects at an Economic Improvement Corporation board meeting. City owned improvements will be

included in the Capital Improvement Plan. Eligible projects can be projects within the city limits of Kerrville and within Kerr County. All projects outside the Kerrville city limits must have approval of the governing body in which the project is to be located. Applicants may be businesses, individuals, the City of Kerrville, Kerr County, or Kerr Economic Development Foundation.

“GO Team”

An executive team (“GO Team”) will evaluate and recommend applications based on:

1. Compliance with legal requirements (with necessary assistance from the City Attorney)
2. Funding Availability
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan
4. Economic impact analysis results*, including a return on investment and the break-even point (as affected by the extent of developer participation), job creation impact, and impact on the tax base
5. Project status; for example, projects already under construction

The “Go Team” will consist of the City Manager, Special Projects Coordinator, and the Executive Director of the Kerrville Economic Development Corporation. Additional members of staff may be added to the “GO Team” where appropriate depending on the nature and location of the project.

Upon review of the application and support documents, the “GO Team” will make a recommendation to the Economic Improvement Corporation. The “GO Team” will then notify the applicant of the next available Economic Improvement Corporation board meeting for a project presentation.

The Economic Improvement Corporation may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the Kerrville City Council must both approve the funding agreement. Public infrastructure improvement projects will be placed in the Capital Improvements Plan, and when complete, the project is owned by the City of Kerrville.

Quality of Life Improvement Projects

Interested businesses, individuals, or non-profit groups are required to complete an application and provide appropriate documentation of the project. The initial response team will evaluate and recommend projects based on the following criteria:

1. Compliance with legal requirements (with necessary assistance from the City Attorney)
2. Funding Availability
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan

4. Direct or indirect economic benefit*
5. Project status; for example, projects already under construction

The Economic Improvement Corporation may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the Kerrville City Council must both approve the funding agreement. Public infrastructure improvement projects will be placed in the Capital Improvements Plan, and when complete, the project is owned by the City of Kerrville unless such Quality of Life project is a publicly available private project which provides access or services on a non-discriminatory basis.

The Economic Improvement Corporation's annual budget is presented to the EIC members during July each year. Upon review and approval, the EIC recommends the budget to city council for approval in September.

The City of Kerrville Economic Improvement Corporation meets monthly at the Kerrville City Hall, Council Chambers, 701 Main Street, Kerrville, Texas.

For additional information visit the City's website at www.kerrvilletx.gov or call 830.257.8000.

*Specific criteria for the economic impact analysis may be described in a separate economic development incentive policy.

**APPLICATION FOR 4B SALES TAX FUNDS
CITY OF KERRVILLE
ECONOMIC IMPROVEMENT CORPORATION**

Both the Economic Improvement Corporation Board of Directors (EIC) and the Kerrville City Council must approve all expenditures of 4B funding. Before a project may be considered and awarded any funds, the attached application must be completed and submitted to:

**City of Kerrville Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028
830.257.8000**

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B. The EIC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a city-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and/or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

**APPLICATION
SECTION 1 - DEFINITIONS**

Clawback- That provision in a Funding Agreement, which states how and to what extent any incentive payments from public funds must be repaid if the stated Performance Standards are not met.

Current Payroll- The company's total expenditure for all employees for the month immediately preceding this application multiplied by 12.

Employee Benefit- Incentives offered to employees and paid for by the employer such as health care coverage, vacation, etc. If an employee pays 30% of the cost, or more, it should not be considered a "benefit" for purposes of this application.

Full Time Job- The employment of a person for a minimum of 35 hours per week and offering that person all those benefits adopted by company policy for Full Time Employees. Major stockholders or immediate family members should not be included in this number when considering "New Full-Time Jobs Created."

Hourly Wage- The gross amount paid to the employee for each hour worked not including the Employer's portion of FICA or FWH. Benefits should not be included in this figure, but should be listed separately under the compensation per employee section of the application.

Part-Time Job- A person working less than 35 hours per week. Major stockholders or immediate family members should not be included in this category when completing the application under New Part-Time Jobs Created.

Funding Agreement- a written document designed to protect the interest of local taxpayers by putting a businesses' job creation or capital investment commitments in writing and by linking the payment of any financial incentive to the business fulfilling its written commitments (i.e. clawbacks).

Public Capital Project- Improvements owned and maintained by the City of Kerrville included in the Capital Improvement Plan and funded by the capital budget.

SECTION II - APPLICANT INFORMATION

Submittal Date: 7 / 18 / 2013

Company Name: City of Kerrville (at the request of the EIC)

Address (City/State): 701 Main Street Phone 830-257-8000
Fax _____

Kerrville, Texas 78028
City State Zip Code

Name of Company Contact on this project:

Todd Parton

Contact Address (if different from above):

Phone _____
Fax _____

City State Zip Code

Type of Business Structure: Corporation Partnership Sole Proprietorship
Government

Year Business Started: Year _____ Location _____

Current Employment: Permanent Full-Time _____ Permanent Part-Time _____

Average Production Wage _____

Full-Time Employees receive the following benefits:

Financial Information: Five Years Annual Financials Attached _____
Include: Statement of profit and loss; Balance sheet; Cash Flow Statement; IRS reporting forms, Pro forma

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

Has the Company ever filed for bankruptcy protection under Chapter 7 or Chapter 11 of the Bankruptcy Statutes? No () Yes () Details:

SECTION III- PROJECT INFORMATION

This application is for a:

Business Development ()

- Expansion of Existing Facility () or
- New Construction ()
- Other ()

Quality of Life Improvement ()

- Parks, Open Space ()
- Other ()

Capital Improvements for Public Infrastructure

- Utilities (X)
- Roadways ()
- Other ()

The proposed improvements are to be located within the following taxing district(s): City of Kerrville (X) Kerr County (X) Kerrville ISD (X) Ingram ISD () Center Point ISD ()

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City

of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A- Project Investment in Improvements

Total \$ _____
Sq. Footage of New Building (s) _____
Size of Parking _____
Other _____

Part B- Project Investment in Fixed Equipment

(New)\$ _____
Manufacturer of Equipment _____
Anticipated Useful Life of Equipment _____
Purchase Price \$ _____ Installation Cost \$ _____
Anticipated Delivery time from Date of Order _____

Part C- Permanent Employment Estimates- (do not include owners, stockholders or their dependents)

Anticipated Number of New Full-Time Employees as a result of this project _____
Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles _____

Anticipated starting salaries of these employees: (avg.) \$ _____ /hour

Part D- Permanent Part-Time Employment Estimates-
(do not include owners, stockholders or their dependents)

Anticipated Number of New Part-Time Employees as a result of this project _____
Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles of these employees: _____

Anticipated starting salaries of these employees: (avg.) \$ _____ / hour

Part E- Payroll Impact

Within 12 months of Project Completion _____ Within 24 months of Project Completion _____

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks

\$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI- OTHER ASSISTANCE

Has the Company applied for any State or Federal assistance on this project?

No () Yes ()

Describe:

To the best of my knowledge, the above information is an accurate description of the proposed project details.

Todd Parton
Printed name

7/18/13
Date

City Manager
Title

[Signature]
Signature

Agenda Item:

4C. Guidelines and Procedures for 4B Sales Tax Funding Requests. (staff)

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

SUBJECT: Guidelines and Procedures for the 4B Sales Tax Funding Requests

FOR AGENDA OF: July 22, 2013

DATE SUBMITTED: July 16, 2013

SUBMITTED BY: Ashlea Boyle, *AB*
Main Street / Special Projects Manager

CLEARANCES: Todd Parton,
City Manager

EXHIBITS: 4B Sales Tax Funding Request Guidelines and Procedures

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

At its budget workshop of April 4, 2013, EIC directed staff to revise the 4B Sales Tax Funding Request Guidelines and Procedures as well as include criteria for community events.

At its meeting of June 17, 2013, the EIC reviewed the draft guidelines and directed staff to schedule a meeting with two EIC representatives to discuss the guidelines and to present a revised draft at the July 22, 2013 EIC meeting. Attached is the revised draft. Once approved, these guidelines will be presented to the City Council for review.

RECOMMENDED ACTION

City staff recommends the approval of these guidelines as presented.

**City of Kerrville
4B Sales Tax Funding Request
Guidelines and Procedures**

4B Funding from the Economic Improvement Corporation

Both the Economic Improvement Corporation Board of Directors (EIC) and the Kerrville City Council must approve expenditures of 4B funding. Before a project may be considered and awarded funds, the attached application must be completed and submitted to:

**Kerr Economic Development Corporation (KEDC)
1700 Sidney Baker, Ste 100
Kerrville, Texas 78028
(830) 896-1157**

KEDC will review the application to determine if the application is complete and if the project would create a desired economic development effect.

All actions of the EIC are subject to the Development Corporation Act of 1979 (Article 5190.6 Vernon's Civil Statutes, Section 4B and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). The EIC is a legal entity with statutory authority to spend economic development sales tax dollars ("4B Revenues"). The Corporation is city-chartered and governed by a Council-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and / or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

Types of Projects

The Economic Improvement Corporation will consider applications for:

1. **Direct contributions to business development;** projects should include support of retention, expansion, or recruitment, resulting in public economic benefit, and economic and demographic analyses used for policy development.
2. **Participation in Public Infrastructure;** Projects that are found by the EIC Board of Directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises (Section 501.103 of the Texas Local Government Code).
3. **Quality of Life;** Quality of Life projects which are owned by the City of Kerrville upon completion; or, where funding is requested for the construction of private (which includes non-profit) development projects, but only if the resulting facility is accessible or open to the public; both such Quality of Life projects indirectly result in economic benefits.
4. **Community Event projects;** Community Event projects are those that significantly contribute to the City's objective of promoting tourism and the hotel / conference market.

General Process for Applications

1. Application will be submitted to the KEDC.
2. Once the application is complete, a “GO Team” meeting will be scheduled.
3. If the application is considered feasible, the KEDC Board will review the application (*Business Development projects only*).
4. The EIC will consider the application. The EIC may:
 - a. approve the application and direct a funding agreement to be drafted and presented at the next EIC meeting in conjunction with holding a public hearing,
 - b. request the application be revised and resubmitted, or
 - c. not approve the application. If this occurs, the application process is considered complete and the application will not move forward.
5. Once the public hearing is held and the funding agreement is approved, the funding agreement will be presented to the City Council for final approval. The City Council may:
 - a. approve the funding agreement,
 - b. request the funding agreement be revised and resubmitted, or
 - c. not approve the funding agreement. If this occurs, the process is considered complete and the funds will not be approved.
6. Once the funding agreement is approved by the both the EIC and City Council, funding will not be available until 60 days after the date of the public hearing.

Note – this is a general guide only and the process may take several months to complete. Procedures may change without notice.

Business Development and Participation in Public Infrastructure Projects

Mission and Goals of Business Development and Public Infrastructure Projects

It shall be the mission of the City, EIC and KEDC in administration of these Guidelines and Procedures to promote, encourage, and enhance the creation and retention of jobs which retain and / or expand the City tax base and economy through granting business incentives which assist in the retention, expansion and recruitment of Primary Employers.

A primary employer is any business in which at least 51% of its goods and / or services are sold to customers that are located outside Kerr County, Texas and / or are in one of the following three digit NAICS codes: 31-33 Manufacturing, 42 Wholesale Trade, 48-49 Transportation and Warehousing, 52 Finance and Insurance, 54 Professional and Technical, or 55 Management of Companies (as defined by Texas Legislature HB 2912, 2003 Regular Session); or is a supplier who supplies at least 70% of its non-retail goods and/or services to local primary employer(s) that are located outside of Kerr County, Texas.

Business Incentives are economic incentives for a Primary Employer to induce the creation or retention of primary jobs and Capital Investment that may include, but not limited to job, land, facilities, equipment and infrastructure grants or reimbursements for new facilities or modernizations of current facilities to be determined by the EIC and the City Council.

The goals of the City, EIC and KEDC in administration of these Guidelines and Procedures are to:

- Create and retain primary jobs,
- Expand the City tax base and economy, and
- Strengthen and diversify primary employers within the local economy.

Principles and Guidelines

In making a determination regarding business incentives under these Guidelines and Procedures, the City, EIC and KEDC shall take into consideration the following non-exclusive list of principles and guidelines, if applicable, as factors in its determination:

- The payoff period of a business incentive to the City,
- The number of primary jobs added or retained by the primary employer,
- The average or median gross annual pay and any benefits for each primary job added by the primary employer,
- Whether the potential recipient of business incentives would otherwise locate in Kerrville without the business incentive,
- The type and amount of capital investment by the primary employer,
- The type of the proposed business venture,
- The potential impact on public infrastructure and resources,
- The financial strength of the primary employer,
- Whether the primary employer is consistent with target markets,
- Whether the primary employer is compatible with the community
- The contributions pledged to the primary employer, if any, by the State of Texas, any other governmental entity, KEDC or any other person, entity or association.

Nothing in this section shall be binding upon the City, EIC or KEDC, but is presented for reference by any prospective primary employer. Moreover, the factors listed herein are not an exclusive list. Each determination shall be determined on a case-by-case basis taking into account the factors deemed relevant by the City, EIC and KEDC to that particular project.

Business Incentives Authorized

The EIC and City will contemplate the use of all incentive options available to create an appropriate incentive package tailored for each prospect on a case-by-case basis.

Primary Employer Business Incentives

Authorized Facilities - A capital investment for a facility may be eligible for business incentives by a funding agreement if it creates or retains primary jobs for a primary employer. Incentives may be granted for land or capital investment related to either new facilities, improvements to existing facilities for the purpose of modernization, expansion, for capital investment necessary for the retention of an existing primary employer, or for relocation expenses.

The following types of property shall be ineligible for business incentives: inventories, supplies, tools, furnishings or other forms of movable personal property (not including capital production equipment), vehicles, vessels, aircraft, deferred maintenance investments, improvements to real property which have an economic life of less than 10 years, with the exception of the City or EIC, property owned or used by the State of Texas or its political subdivisions, or by any organization owned or directed by a political subdivision of the State of Texas.

Periodic Certification - The business incentive agreement shall require periodic certification of capital investment as required by the funding agreement.

Completion of Facility Construction - The completion of facility construction or installation of capital investment shall be deemed to occur in the earliest of the following events (as determined by the City and EIC):

- When a certificate of occupancy is issued for the project,
- When commercial production of a product or provision of a service is achieved at the facility,
- When the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument, or
- Two years after the date of the funding agreement.

Wage Requirement - In determining an incentive based on new primary jobs, the following matrix shall be considered:

New Gross Payroll	Incentive per New Primary Job
<\$30,000 per new primary job	Up to \$3,000 per new primary job
\$30,000-\$40,000 per new primary job	\$3,001 to \$5,000 per new primary job
\$40,000-\$50,000 per new primary job	\$5,001 to \$9,000 per new primary job
>\$50,000 per new primary job	Up to \$10,000 per new primary job

Job Creation Qualification - Unless there are extraordinary circumstances, in order to be eligible for business incentives, the planned capital investment shall create or retain and maintain the minimum of 10 full time (2,080 hours / year) permanent, primary jobs within one year of an effective date as set out in the agreement.

Minimum Capital Investment Qualification - In order to be eligible for business incentives, the planned capital investment must exceed \$200,000 in new plant, infrastructure, site prep and equipment.

Schedule of Incentives - The implementation schedule of any and all incentives shall be determined on a case-by-case basis to include periods of one or more years.

Universal Requirements

Project Implementation - An authorized project funded by a business incentive must be implemented within two years of the date of the effective date of the funding agreement.

Location or Residency Requirement - The City will prefer projects be located within City limits or its extraterritorial jurisdiction (ETJ) with voluntary provision for annexation, provided the ability to be annexed is met within 10 years. Projects outside of the City limits must be approved by the Kerr County Commissioners Court. Facilities constructed in the ETJ must be built to minimum City standards, to include building codes and public improvements standards.

'Buy Local' Provision - Each recipient of business incentives shall additionally agree to use best efforts to give preference and priority to local manufacturers, suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency or quality. For the purposes of this provision, the term 'local' is used to describe manufacturers, suppliers, contractors, and labor shall include firms, businesses, and persons who reside in or maintain an office within Kerr County, Texas.

Insurance Requirements - Each recipient of business incentives shall carry workers' compensation insurance and / or other appropriate liability insurance coverage as the EIC determines is appropriate.

Application - KEDC will accept applications for projects at any time. Applications will not be considered until complete. Applicants must be available to present projects at EIC & City Council meetings, as needed.

Contents of Application - The application process shall consist of a completed application form accompanied (when applicable) by: five years annual financials that include profit and loss statements, balance sheets, cash flow statements, IRS reporting forms, pro forma, a general description of proposed capital investments to the facility, a descriptive list of the improvements or program for which business incentives are requested, a list of the kind, number and location of all proposed improvements of the property, a map and property description, and a time schedule for undertaking and completing the proposed improvements or programs. In the case of a modernization or expansion project, a statement of the assessed value of the existing facility as stated by the Kerr Central Appraisal District, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial or other information as the EIC and / or KEDC deems appropriate for evaluating the financial capacity and other relevant factors of the applicant. The applicant will be allowed to address and explain in writing any negative findings before action is taken on a funding agreement.

Feasibility Impact Study - After receipt of a completed application, KEDC may cause to be performed a study of the feasibility and economic impact using an independent

consultant selected by KEDC. If both parties agree, KEDC may share costs with the applicant of performing the study. If performed, this study shall include, but not be limited to, an estimate of the economic effect of the business expansion.

No Business Incentives if Construction has Commenced - No funding agreement shall be approved if the application was filed after the commencement of any construction, alteration or installation of improvements related to the proposed facility modernization, expansion or new facility.

"GO Team"

An executive team ("GO Team") will evaluate and review applications based on:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan,
4. Economic impact analysis results*, including a return on investment and the break-even point (as affected by the extent of developer participation), job creation impact, and impact on the tax base,
5. Project status; for example, projects already under construction.

The "GO Team" will consist of the City Manager, Main Street / Special Projects Manager, EIC Board Member and the Executive Director of the Kerrville Economic Development Corporation. Additional members of staff may be added to the "GO Team" where appropriate depending on the nature and location of the project.

Upon review of the application and support documents, the "GO Team" will make a report to the EIC. KEDC will then notify the applicant of the next available EIC meeting for a project presentation.

The EIC may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the City Council must both approve the funding agreement. Public infrastructure improvement projects will be placed in the Capital Improvements Plan, and when complete, the project is owned by the City.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application for business incentives before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any business incentive, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed business incentives will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

Clawbacks

Each agreement shall contain clawback provisions established on a case-by-case basis to ensure the primary employer is meeting the benchmarks established in the funding agreement.

Administration

Access to Facility - The funding agreement shall stipulate that employees and / or designated representatives of the EIC, and / or the City and KEDC Executive Director will have access to the facility or program during the term of the funding agreement for inspection to determine if the terms and conditions of the funding agreement are being met. All inspections will only be conducted in such manner as to not unreasonably interfere with the construction and / or operation of the facility or program. Inspections will be made with one or more representatives of the owner and in accordance with safety standards.

Periodic reviews - Funding agreement reviews will be conducted periodically by KEDC to ensure that the owner is in compliance with the provisions of the funding agreement. If the owner is not in compliance or is in default, then the appropriate provision of the funding agreement will be enforced to recover any business incentives paid to the owner, unless the owner remedies the default on or before the conclusions of any cure period.

Right to Modify or Cancel - Notwithstanding anything herein or in any funding agreement to the contrary, the EIC may cancel or modify the funding agreement if the owner fails to comply with the funding agreement.

Quality of Life Improvement Projects

Projects which, include land, buildings, equipment, facilities, and improvements found by the (EIC) board of directors 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, amphitheatres, 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 this section (Section 505.152 of the Texas Local Government Code). Interested businesses, individuals, or non-profit groups are required to complete an application and provide appropriate documentation of the project.

The "GO Team" will evaluate and recommend projects based on the following criteria:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Consistency with the Comprehensive Plan, Capital Improvement Plan, Airport Master Plan and Parks Master Plan,
4. Project status; for example, projects already under construction.

The EIC may direct a public hearing to be scheduled and a funding agreement to be drafted. The EIC and the City Council must both approve the funding agreement.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any funding, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed grant will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

Community Event Projects

The objective of funding Community Event projects is to support tourism. Strong consideration will be given to new projects that significantly contribute to the City's objective of growing the tourism and hotel / conference market. **Funding Applications intended to grow, expand or start events are given preferred consideration.**

The "GO Team" will evaluate and recommend projects based on the following criteria:

1. Compliance with legal requirements (with necessary assistance from the City Attorney),
2. Funding Availability,
3. Event History,
4. Event Sustainability.

The minimum amount of funding per eligible project is \$5,000 with a maximum amount of \$25,000. The EIC will cease consideration of Community Events applications after total funding of approved Community Events projects exceeds \$100,000 in a fiscal year.

Applications must be submitted by December 1st of each year for the following calendar year. The EIC will consider the applications at the January EIC meeting. Once approved by both the EIC and City Council, funding will not be available until 60 days after the public hearing. The EIC will not approve funding applications for events that have already taken place.

The EIC reserves the right to determine the eligibility of a project and the terms and conditions of any funding agreement. Nothing herein shall be construed to limit the authority of the EIC to examine each application before it on a case-by-case basis and determine in its sole and absolute discretion whether the proposed project should be granted any funding, whether it complies with these Guidelines and Procedures, is feasible, and whether or not the proposed grant will be to the long term benefit of the City. The final decision regarding any business incentive agreement shall be made by the City.

The City of Kerrville Economic Improvement Corporation meets monthly at the Kerrville City Hall, Council Chambers, 701 Main Street, Kerrville, Texas. For additional information visit the City's website at www.kerrvilletx.gov or call (830) 257-8000.

APPLICATION FOR 4B SALES TAX FUNDS

CITY OF KERRVILLE ECONOMIC IMPROVEMENT CORPORATION

Both the Economic Improvement Corporation Board of Directors (EIC) and the Kerrville City Council must approve all expenditures of 4B funding. Before a project may be considered and awarded any funds, the attached application must be completed and submitted to:

Kerr Economic Development Corporation
1700 Sidney Baker, Ste. 100
Kerrville, TX 78028
(830) 896-1157

All actions of the EIC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B (now codified in Chapters 501, 502, and 505 of the Texas Local Government Code). The EIC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a Council-appointed board of directors. The EIC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and / or to provide an economic benefit to the City of Kerrville, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

APPLICATION SECTION 1 - DEFINITIONS

Business Incentives - Economic incentives for a Primary Employer to induce the creation or retention of primary jobs and Capital Investment that may include, but not limited to job, land, facilities, equipment and infrastructure grants or reimbursements of new facilities or modernizations of current facilities to be determined by the EIC and the City Council.

Capital Investment - The increase in the assessed value of an eligible property as a result of 'expansion' or 'modernization' of an 'existing facility' or construction of a 'new facility'.

City - City of Kerrville, Texas

Clawback - That provision in a Funding Agreement, which states how and to what extent any incentive payments from public funds must be repaid if the stated Performance Standards are not met.

Current Payroll - The company's total expenditure for all employees for the month immediately preceding this application multiplied by 12.

Deferred Maintenance - Improvements necessary for continued operations which do not improve productivity or are preformed to meet regulatory obligations.

Economic Life - The number of years a property improvement or manufacturing / processing equipment is expected to be in service in a facility.

EIC - Kerrville Economic Improvement Corporation

Employee Benefit - Incentives offered to employees and paid for by the employer such as health care coverage, vacation, etc. If an employee pays 30% of the cost, or more, it should not be considered a "benefit" for purposes of this application.

Facility - Property Improvements completed or in the process of construction which together compromise an integral whole, as well as new fixed machinery and equipment. Includes an existing building purchased for expansion or relocation

Full Time Job - The employment of a person for a minimum of 35 hours per week and offering that person all those benefits adopted by company policy for Full Time Employees. Major stockholders or immediate family members should not be included in this number when considering "New Full-Time Jobs Created."

Funding Agreement - A written contract designed to protect the interest of local taxpayers by putting a businesses' job creation or capital investment commitments in writing and by linking the payment of any financial incentive to the business fulfilling its written commitments (i.e. clawbacks).

Hourly Wage - The gross amount paid to the employee for each hour worked not including the Employer's portion of FICA or FWH. Benefits should not be included in this figure, but should be listed separately under the compensation per employee section of the application.

KEDC - The Kerr Economic Development Corporation

Modernization - The replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. Modernization may result in from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or the completion of deferred maintenance.

New Facility - Property previously undeveloped which is placed into service by means other than in conjunction with an expansion or modernization.

Owner - The owner of a facility or program subject to business incentives. If the facility is constructed on a leased property, the owner shall be the party which owns the property subject to the business incentive. A lessee or other interested third party may, at the discretion of the City, be required to join in the execution of the Agreement but shall not be obligated to assure performance of the party receiving the Business Incentive.

Part-Time Job - A person working less than 35 hours per week. Major stockholders or immediate family members should not be included in this category when completing the application under New Part-Time Jobs Created.

Public Capital Project - Improvements owned and maintained by the City of Kerrville included in the Capital Improvement Plan and funded by the capital budget.

Payoff Period - The amount of time in years that it will take the EIC and the City to recover the costs of business incentives from additional revenues it will receive from the facility.

Primary Employer - A business in which at least 51% of its goods and / or services are sold to customers that are located outside Kerr County, Texas and / or are in one of the following three digit NAICS codes: 31-33 Manufacturing, 42 Wholesale Trade, 48-49 Transportation and Warehousing, 52 Finance and Insurance, 54 Professional and Technical, or 55 Management of Companies (as defined by Texas Legislature HB 2912, 2003 Regular Session); or is a supplier who supplies at least 70% of its non-retail goods and/or services to local primary employer(s) that are located outside of Kerr County, Texas.

DRAFT

SECTION II - APPLICANT INFORMATION

Submittal Date: ___/___/___

ORGANIZATION

Applicant Name _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Website _____

PROJECT CONTACT

Contact Person Name _____ Title _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Email Address _____

Amount of Funding Requested: \$ _____

Please include a cover letter and supplemental information as deemed appropriate that:

- clearly states the mission statement of the organization(s),
- a business plan (a document that projects 3-5 years and outlines a plan to grow revenues),
- what the requested funding shall be used for,
- if it is a new, existing or annual event,
- the number of years the organization has been in existence,
- the date and location of the event,
- average annual attendance,
- pertinent financial information (costs, revenues, percentage of funding request of total event budget and financial history), and
- a plan or statement of how the event shall become self-sustained in future years.

Continue to Section III

Submittal Date: ___/___/___

ORGANIZATION

Applicant Name

Address City State Zip

Phone Alt. Phone Fax

Website

PROJECT CONTACT

Contact Person Name Title

Address City State Zip

Phone Alt. Phone Fax

Email Address

Amount of Funding Requested: \$ _____

Please include a cover letter and supplemental information as deemed appropriate that:

- o clearly states the mission statement of the organization(s),
- o what the requested funding shall be used for,
- o pertinent financial information (costs, revenues, percentage of funding request of total budget and financial history), and
- o other information, as requested.

Continue to Section III

Submittal Date: ___ / ___ / ___

ORGANIZATION

Applicant Name _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Website _____

PROJECT CONTACT

Contact Person Name _____ Title _____

Address _____ City _____ State _____ Zip _____

Phone _____ Alt. Phone _____ Fax _____

Email Address _____

Type of Business Structure: Corporation ___ Partnership ___ Sole Proprietorship ___

Year Business Started: Year _____ Location _____

Current Employment: Permanent Full-Time _____ Permanent Part-Time _____

Average Production Wage _____

Full-Time Employees receive the following benefits:

Financial Information: Five Years Annual Financials Attached _____
Include: Statement of profit and loss; Balance sheet; Cash Flow Statement; IRS reporting forms, Pro forma

Annual Sales for Corporation / Company \$ _____

This Facility \$ _____

Local Sales Tax paid Annually \$ _____

Current Payroll \$ _____

Has the Company ever filed for bankruptcy protection under Chapter 7 or Chapter 11 of the Bankruptcy Statutes? No () Yes () Details:

SECTION III - PROJECT INFORMATION

This application is for a:

- Business Development ()
- Expansion of Existing Facility () or
 - New Construction ()
 - Other ()

Capital Improvements for Public Infrastructure

- Utilities ()
- Roadways ()
- Other ()

Quality of Life

- Community Event ()
- Project ()

The proposed improvements are to be located within the following taxing district(s): City of Kerrville () Kerr County () Kerrville ISD () Ingram ISD () Center Point ISD ()

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed

improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A - Project Investment in Improvements

Total \$ _____
Sq. Footage of New Building (s) _____
Size of Parking _____
Other _____

Part B - Project Investment in Fixed Equipment

(New)\$ _____
Manufacturer of Equipment _____
Anticipated Useful Life of Equipment _____
Purchase Price \$ _____ Installation Cost \$ _____
Anticipated Delivery time from Date of Order _____

Part C - Permanent Employment Estimates- (do not include owners, stockholders or their dependents)

Anticipated Number of New Full-Time Employees as a result of this project _____
Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles

Anticipated starting salaries of these employees: (avg.) \$ _____/hour

Part D - Permanent Part-Time Employment Estimates-
(do not include owners, stockholders or their dependents)

Anticipated Number of New Part-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____
Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles of these employees: _____

Anticipated starting salaries of these employees: (avg.) \$ _____ / hour

Part E - Payroll Impact

Within 12 months of Project Completion _____ Within 24 months of Project
Completion _____

\$ _____
FTE X Avg. Wage X 40 hrs X 52 wks

\$ _____
PTE X Avg. Wage X 20 hrs X 52 wks

SECTION VI - OTHER ASSISTANCE

Has the Company applied for any State or Federal assistance on this project?

No () Yes ()

Describe:

To the best of my knowledge, the above information is an accurate description of the proposed project details.

Printed name

Date

Title

Signature

Agenda Item:

4D. EIC Budget. (staff)

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

SUBJECT: FY 2014 Budget

AGENDA DATE: July 22, 2013

DATE SUBMITTED: July 17, 2013

SUBMITTED BY: Ashlea Boyle, *AB*
Main Street / Special Projects Manager

CLEARANCES: Todd Parton,
City Manager

EXHIBITS/INFORMATION: FY 2014 Proposed Budget

APPROVED FOR SUBMITTAL BY CITY MANAGER: *JP*

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

City staff will present the EIC's FY 14 proposed budget.

RECOMMENDED ACTION

Staff recommends consideration and approval of the FY 14 proposed budget.

EIC - 2014 Proposed Budget

		FY13 Approved	FY13 CYE	FY14	FY15	FY16	FY17	FY18	FY19
BEGINNING CASH BALANCE		\$1,741,171	\$1,788,939	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607
Fund Balance		\$1,761,102	\$1,788,939	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607
REVENUE:									
	Sales and Use Tax	\$2,425,000	\$2,700,000	\$2,750,000	\$2,887,500	\$3,003,000	\$3,123,120	\$3,216,814	\$3,313,318
	Interest	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	Miscellaneous		\$25,196						
	Transfer In		\$80,000						
TOTAL REVENUE		\$2,430,000	\$2,810,196	\$2,755,000	\$2,892,500	\$3,008,000	\$3,128,120	\$3,221,814	\$3,318,318
		FY13 Approved Budget	FY13 CYE	FY14 Proposed Budget	FY15 Proposed Budget	FY16 Proposed Budget	FY17 Proposed Budget	FY18 Proposed Budget	FY19 Proposed Budget
EXPENDITURES:									
Administrative									
	Advertising/Supplies	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
	Transfer to Debt Service Fund	\$505,000	\$505,000	\$68,000	\$0	\$0	\$0	\$0	\$0
	Transfer to General Fund Debt Service	\$170,000	\$170,000	\$170,000	\$512,000	\$512,000	\$512,000	\$512,000	\$512,000
	Economic Development Governing Body	\$175,000	\$127,000	\$175,000	\$175,000	\$180,000	\$180,000	\$180,000	\$185,000
	River Trail Funding			\$300,000	\$150,000	\$0	\$0	\$0	\$0
	Annual Disclosure Fee	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
	Administrative Services Fee	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Administrative		\$954,000	\$906,000	\$817,000	\$941,000	\$796,000	\$796,000	\$796,000	\$801,000
Category I - Business Development									
	Fox Tank Phase 2		\$150,000						
	Downtown Underground Utilities								
	Revolving Loan Fund	\$200,000		\$100,000	\$0	\$100,000	\$0	\$100,000	\$0
	ED Set Aside	\$500,000	\$500,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000
	Unspecified	\$378,961		\$538,000	\$901,500	\$912,000	\$1,132,120	\$1,125,814	\$1,217,318
Total Category I		\$1,078,961	\$650,000	\$738,000	\$1,001,500	\$1,112,000	\$1,232,120	\$1,325,814	\$1,417,318
Category II - Quality of Life									
	Downtown Wireless	\$100,000		\$100,000					
	Special Events			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	Golf Course Pavilion	\$271,000	\$271,000						
	Golf Course Parking Lot	\$337,141	\$337,141						
	Soccer Improvements			\$500,000					
	HCDJLS	\$150,000	\$149,703						
	Texas Arts & Crafts Educational Foundation, Inc		\$15,500						
	Downtown Streetscape Master Plan		\$35,100						
	Kerr Fest		\$10,500						
	Quilt Guild		\$1,000						
	Playhouse 2000		\$118,000						
	Cailloux - Lighting		\$200,652						
	4th on the River		\$25,000						
	Quiet Valley Folk Festival		\$8,500						
	Hill Country Wine and Brew Fest		\$20,432						
	Unspecified				\$350,000	\$500,000	\$500,000	\$500,000	\$500,000
Total Category II		\$858,141	\$1,192,528	\$700,000	\$450,000	\$600,000	\$600,000	\$600,000	\$600,000
Category III - Public Infrastructure									
	Unspecified	\$500,000	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Total Category III		\$500,000	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Contingency									
TOTAL EXPENDITURES		\$3,391,102	\$2,748,528	\$2,755,000	\$2,892,500	\$3,008,000	\$3,128,120	\$3,221,814	\$3,318,318
NET REVENUES TO EXPENDITURES		-\$961,102	\$61,668	\$0	\$0	\$0	\$0	\$0	\$0
FUND BALANCE		\$800,000	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607	\$1,850,607

Agenda Item:

5A. Grant funding agreement with Playhouse 2000, Inc. for improvements to the Cailloux Theater. (staff)

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

SUBJECT: Hold a public hearing and consider a funding agreement between Playhouse 2000, Inc. and the City of Kerrville Economic Improvement Corporation for improvements to the Cailloux Theater

FOR AGENDA OF: July 22, 2013 **DATE SUBMITTED:** July 17, 2013

SUBMITTED BY: Ashlea Boyle, *ab* **CLEARANCES:** Todd Parton,
Main Street / Special Projects Manager City Manager

EXHIBITS: Draft Funding Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$118,000	\$992,938	\$118,000	40-800-975-02

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

At its meeting of May 20, 2013, the Economic Improvement Corporation (EIC) considered an application from Playhouse 2000, Inc. (P2K) for improvements to the Cailloux Theater. The EIC made a motion of support for two separate applications to be submitted and asked P2K to submit a revised application for roof upgrades and replacement to the VK Garage and for a modular seating riser system. The revised application from P2K has been submitted in the amount of \$118,000 which is outlined below. P2K intends to submit an application in the future for a facility addition with storage, support and meeting rooms as well as outdoor staging if deemed necessary. The City of Kerrville has submitted the second application for upgrades to the interior and exterior lighting of the Cailloux Theater.

Improvements to the VK Garage Theater - \$69,000

The VK Garage Theater's use as a performing space is a key component of the P2K business plan, allowing the Cailloux Theater greater flexibility of scheduling and offering P2K a better means to achieve funds necessary to subsidize the performing arts center's annual expenses. The current space is poorly insulated and can only be effectively used outside of the summer months. The best method of insulation would be a composite roof that will protect against sound infiltration as well as heat / cold and address water leaks. A roof replacement would expand the usability of the space by half and allow for initiating program expansions. The cost to replace and upgrade the roof is approximately \$69,000.

Modular Seating - \$49,000

Under a grant provided by the Peterson Foundation, Playhouse 2000, Inc. is currently investing in fire-protective sprinklers and alarms to allow of the expansion of the seating capacity to meet the growing demand of P2K products. A modular seating riser system will allow for the alteration of seating configurations to fit the needs of the play being produced by eliminating the labor and materials cost involved with creating seating on a project-by-project basis. The cost for a modular system is approximately \$49,000.

Attached is the final draft of the funding agreement between Playhouse 2000, Inc. and the EIC. This agreement was drafted as per direction at the June 17, 2013 EIC meeting and has been negotiated between both agencies.

The purpose of this agenda item is to approve the funding agreement and hold a public hearing. If approved, this funding agreement will be considered by the City Council at the August 13, 2013 City Council meeting.

RECOMMENDED ACTION

City staff recommends holding a public hearing and the consideration and approval of this funding agreement as presented.

ECONOMIC DEVELOPMENT GRANT AGREEMENT
BETWEEN PLAYHOUSE 2000, INC. AND
THE CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION

This Agreement entered into by and between PLAYHOUSE 2000, INC., a Texas nonprofit corporation ("P2K"), acting herein by and through its duly authorized Executive Director, Jeffrey Brown ("P2K Officer"), and the CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION ("EIC"), a Texas nonprofit corporation established pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 (otherwise known as the Development Corporation Act of 1979 and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code) (hereafter referred to as "the Act"), acting by and through its duly authorized President, David Wampler.

WITNESSETH:

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

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

Equipment 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, and other related improvements that enhance any of the items described by 505.152 of the Act; and

WHEREAS, P2K produces art and entertainment programming and is the manager of the Kathleen C. Cailloux City Center for the Performing Arts ("Auditorium") pursuant to a contract with City of Kerrville, Texas ("City"); and

WHEREAS, P2K owns and operates the building known as the VK Garage Theater, which is located immediately adjacent to the Auditorium; and

WHEREAS, P2K uses the VK Garage Theater for ancillary uses consistent with the use and operation of the Auditorium, including as a smaller venue for fine arts performances; and

WHEREAS, P2K seeks to improve and enhance the use and operation of the VK Garage Theater and toward that end, has studied and planned improvements that will accomplish these goals; and

WHEREAS, P2K is the recipient of a grant from a local, private foundation to make public safety improvements to the VK Garage Theater; and

WHEREAS, P2K has applied for a grant from the EIC for funding to replace the roof for the VK Garage Theater and to purchase and install modular seating as a way of adding flexibility to the seating arrangement; and

WHEREAS, EIC has determined that such a grant complies with the Act and is in keeping with the mission of EIC and *City of Kerrville Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures* in that it will enhance the “quality of life” within the community; and

WHEREAS, EIC finds that it will be in the public interest to enter into an agreement with P2K to provide sales tax revenues collected pursuant to the Act (“4B Revenues”) to P2K for its cost in purchasing equipment and other amenities for placement and use within the Auditorium; and

WHEREAS, on July 22, 2013, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, EIC held a public hearing pursuant to Section 505.159 of the Act related to the proposed expenditure of 4B Revenues for the purposes provided above;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, P2K and the EIC agree as follows:

**ARTICLE I.
EIC’S OBLIGATIONS**

- A. EIC hereby grants to P2K an amount up to One Hundred Eighteen Thousand and No/100 Dollars (\$118,000.00) (“Grant”) for costs relating to the replacement of the roof for the VK Garage Theater and the purchase of modular seating riser system (collectively referred to herein as the “Project”). The specific items approved for purchase by the P2K are listed on the attachment included as **Exhibit A**.
- B. Subject to the terms and conditions set forth in Article II, the Grant will be provided to P2K by EIC and EIC shall administer the Grant on a reimbursable basis. Prior to any payment from EIC, P2K must first submit written evidence of costs, such as invoices, receipts, and bills of sale for review and approval. Following each submission and verification thereof, which may include on-site inspections to confirm purchase and installation, EIC shall then reimburse P2K for the cost.
- C. Payments made by EIC to P2K from 4B Revenues will be limited to the payments of “costs” as defined by the Act and as specified above for the Project.
- D. In no event will the total amount of the Grant exceed One Hundred Eighteen Thousand and No/100 Dollars (\$118,000.00).

**ARTICLE II.
P2K’S OBLIGATIONS**

- A. P2K must make its purchases for the Project on or before January 1, 2014. Failure to make such purchases by this date will terminate the obligation of EIC to make any additional payments of the Grant.

- B. P2K must maintain ownership of all of the items and equipment purchased with the Grant and must not remove, or allow anyone else to remove, the equipment from Kerr County.
- C. P2K must keep and maintain complete and accurate records relating to the costs of the Equipment, separate and identifiable from its other records, for three (3) years following the termination of this Agreement. EIC and its representatives shall be entitled to inspect the records during the term of this Agreement and for three (3) years thereafter, upon reasonable notice.
- D. P2K will only be liable to EIC for the actual amount of the Grant to be conveyed to P2K and will not be liable to EIC for any other actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by P2K under the terms of this Agreement.

**ARTICLE III.
SALE OF PROJECT, MERGER OR CONSOLIDATION OF P2K**

- A. A sale of all or any of the assets of P2K will not release P2K from its duties and responsibilities to EIC under the terms of this Agreement and shall not result in the assignment of this Agreement by such acquiring entity without prior written consent from EIC, which will not be unreasonably withheld; provided, that P2K's proposed successor shall have the financial condition to fully satisfy P2K's duties and responsibilities hereunder and agrees to assume P2K's responsibilities under this Agreement. EIC may, in its sole discretion, reasonably determine whether such proposed successor's financial condition is satisfactory.
- B. In the event of any proposed merger or other consolidation of P2K with any third party not affiliated with P2K, P2K shall at least thirty (30) days prior to any such merger or consolidation provide EIC with information and assurance reasonably acceptable to EIC regarding: (1) the surviving entity's assumption and satisfaction of the P2K's obligations hereunder and (2) the financial condition of the surviving entity upon such merger or other consolidation to demonstrate that the surviving entity has the financial condition to fully satisfy P2K's duties and responsibilities hereunder. Failure to provide such information may be considered a breach of this Agreement.
- C. Notwithstanding anything in this Agreement to the contrary, it is expressly understood and agreed that EIC shall have no rights to approve or disapprove any sale or merger transaction of any kind involving P2K. In the event of any sale or merger involving P2K or its affiliates, the surviving entity shall assume P2K's obligations and rights hereunder and be entitled to any and all benefits to be received pursuant to this Agreement.

**ARTICLE IV.
P2K'S REPRESENTATIONS AND WARRANTIES**

- A. P2K represents and warrants as of the date hereof:
 - (1) P2K is a Texas nonprofit corporation existing in good standing and authorized to do business in the State of Texas;

(2) Execution of this Agreement has been duly authorized by P2K and this Agreement is not in contravention of P2K's governing authority or any agreement or instrument to which P2K is a party or by which it may be bound as of the date hereof;

(3) No litigation or governmental proceeding is pending, or, to the knowledge of P2K Officer, threatened against or affecting P2K, which may result in a material adverse change in P2K's business, properties, or operations sufficient to jeopardize P2K's legal existence; and

(4) No written application, written statement, or correspondence submitted by P2K to EIC in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of P2K Officer, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading.

B. Except as expressly set forth in this Article IV, P2K makes no other representation or warranty of any kind in connection with or related to the provisions of this Agreement.

ARTICLE V. EIC'S REPRESENTATIONS AND WARRANTIES

A. EIC represents and warrants as of the date hereof:

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

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

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

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

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

ARTICLE VI. CONDITIONS UNDER WHICH EIC MAY SUSPEND PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT

A. Under any of the following conditions EIC may, at its option, after fifteen (15) days written notice to P2K, suspend its further performance under this Agreement until such time as P2K shall have cured the condition(s) and so notified EIC, in writing, that the condition(s) have been cured:

- (1) P2K becomes insolvent. "Insolvent" is defined to mean one either has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, or is insolvent within the meaning of the federal bankruptcy law.
 - (2) The appointment of a receiver of P2K, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter.
 - (3) The adjudication of P2K as bankrupt.
 - (4) The filing by P2K of a petition to be adjudged as bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.
- B. Should any of these conditions not be cured by P2K within ninety (90) days, P2K will be considered to have breached this Agreement and EIC may, at its option, with written notice to P2K, terminate this Agreement and P2K shall be obligated to refund the EIC the full amount of any Grant funding received from the EIC.

ARTICLE VII. REMEDIES

- A. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement by any party hereto, or any successor to such party, such defaulting or breaching party (or successor) shall upon written notice from the other party, proceed immediately to cure or remedy such default or breach, and, in any event, within sixty (60) days after receipt of such notice. In the event that remedial action is not taken or not diligently pursued and the default or breach shall not be cured or remedied within a reasonable time (but in no event later than ninety (90) days from the date of notification of such breach), the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including but not limited to, seeking specific performance and/or injunctive relief.
- B. Upon breach of this Agreement by either party and the failure to cure as permitted by this Article VII, the non-breaching party shall have the sole right and discretion to either terminate this Agreement and/or pursue any and all remedies which may be provided by law and this Agreement. Each party acknowledges and agrees that P2K is not entitled to recover any amounts in excess of the Grant contracted for under this Agreement and that EIC, pursuant to a breach and failure to cure by P2K in accordance with this Agreement, is entitled to recover attorney fees, collection costs, and any other costs due to its pursuit of repayment and remedies under this Agreement.
- C. Any delay by any party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights will not, so long as the breach or default by another party is continuing, operate as a waiver of such rights or to deprive it of or limit such rights in any way; nor will any waiver in fact be made by any party with respect to any specific default by any other party except to the extent specifically waived in writing.

**ARTICLE VIII.
GENERAL PROVISIONS**

- A. 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.
- B. Amendment. This Agreement may be amended only by written amendment signed by both parties.
- C. Venue. All payments made pursuant to this Agreement and other obligations performed under this Agreement shall be made or performed in Kerrville, Kerr County, Texas. Venue will lie in Kerr County, Texas; and this Agreement is governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.
- D. 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 – David Wampler
City of Kerrville, Texas, Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

With a copy to:
City Manager, City of Kerrville
701 Main Street
Kerrville, Texas 78028
Facsimile: (830) 792-3850

For Playhouse 2000, Inc.
Executive Director – Jeffrey Brown
Playhouse 2000, Inc.
P.O. Box 290088
Kerrville, Texas 78029

- E. Assignment. This Agreement is binding upon the parties hereto and their successors and assigns. Except as set forth in Article III, this Agreement may not be assigned by either party without the specific prior written consent of the other, which consent will not be unreasonably withheld. In the event that a party consents to any valid assignment of this Agreement by the other party hereto, the assigning party will be relieved of any and all obligations and liabilities on the part of such assigning party under this Agreement. P2K may, without written consent of EIC, assign this Agreement to any entity controlled and 100% owned by P2K or by the parent, subsidiary, or affiliate of P2K provided the entity assumes all of P2K's obligations and liabilities under this Agreement; agrees to comply with all provisions of this Agreement; has the legal, managerial, technical, and financial ability to properly perform and discharge such obligations and liabilities; and such abilities are each at least as great as those of P2K and P2K provides a written guarantee of such assignee's performance in a form reasonably acceptable to EIC. EIC shall be advised in writing of such assignment and of the entity's qualifications at least sixty (60) days before such assignment occurs.
- F. Parties In Interest. Nothing in this Agreement shall entitle any party other than P2K or EIC to any claim, cause of action, remedy, or right of any.
- G. Term. The term of this Agreement (the "Term") shall commence on September 1, 2013 (the "Effective Date"), and will terminate on the earlier of: (i) either on January 1, 2014, or when the requirements set forth in this Agreement are completed, whichever date is later; (ii) when terminated by mutual agreement of the parties; (iii) when terminated pursuant to Articles VI or VII; (iv) or at the P2K's sole and absolute discretion, but only upon the P2K's return of 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.
- H. 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 arms length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.
- I. No Joint Venture. Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties.
- J. Survival of Terms. All rights, duties, liabilities, and obligations accrued prior to termination will survive termination.
- K. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof.

EXECUTED AND EFFECTIVE, as of the date indicated above, by the City of Kerrville, Texas, Economic Improvement Corporation, by and through its Board President, duly authorized to execute same by action of the Board; and by Playhouse 2000, Inc., acting through the P2K Officer.

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

PLAYHOUSE 2000, INC.

David Wampler, President

Date: _____

Jeffrey Brown, Executive Director

Date: _____

ATTEST:

Cheryl Brown, Recording Secretary

APPROVED AS TO FORM:

Michael C. Hayes, Attorney for EIC

Playhouse 2000, Inc.
Application to the Economic Improvement Corporation
June, 2013

EXHIBIT "A"

Items proposed in this application: Overview

A: Interior Lighting - Cailloux Theater Auditorium	moved to City request
B: Exterior Lighting - Cailloux Theater	moved to City request
C: Facility addition - Storage, Scene/Costume Shop, Backstage support, Class/Meeting Rooms	to be re-submitted at a later date
D: Outdoor Staging - Support of City Services	to be re-submitted at a later date
E: Improvements - VK Garage Theater	
1: Roof replacement	\$69,000
2: Modular Seating Riser System	\$49,000
	<hr/>
Total Request This Proposal	\$118,000

Agenda Item:

5B. Grant funding agreement with the City of Kerrville for improvements to the Cailloux Theater. (staff)

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

SUBJECT: Hold a public hearing and consider a funding agreement between the City of Kerrville and the City of Kerrville Economic Improvement Corporation for improvements to the Cailloux Theater

FOR AGENDA OF: July 22, 2013 **DATE SUBMITTED:** July 17, 2013

SUBMITTED BY: Ashlea Boyle,  **CLEARANCES:** Todd Parton,
Main Street / Special Projects Manager City Manager

EXHIBITS: Draft Funding Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$200,652	\$874,938	\$200,652	40-800-975-02

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

At its meeting of May 20, 2013, the Economic Improvement Corporation (EIC) considered an application from Playhouse 2000, Inc. for improvements to the Cailloux Theater. The EIC made a motion of support for two separate applications to be submitted and directed staff to present it to the City Council for their consideration and approval. A revised application from P2K was submitted for roof upgrades and replacement to the VK Garage and for a modular seating riser system in addition to an application from the City of Kerrville.

At its meeting of May 28, 2013 the City Council authorized staff to proceed with submitting an application to the EIC for upgrades to the interior and exterior lighting of the Cailloux Theater in an amount not to exceed \$200,652 which are outlined below. Staff is looking into the possibility of energy efficient grant funding through KPUB.

Interior Lighting – up to \$121,000

The overhead lighting in the auditorium appears to be from the original building dating back to 1959. One “bank” of lights has failed in a way that cannot be repaired, leaving a dark swath across the center of the seating chamber. Addressing this issue is necessary for the safety of the public as well as avoiding possible failure to additional segments of the system which could render the auditorium unusable. A replacement of the dimmer system would cost \$43,290. Due to the age of the equipment, the application is for upgrades with a dimmable energy efficient LED overhead lighting system to the entire facility which

includes the lobby totaling to an amount not to exceed \$121,000.

Exterior Lighting – up to \$79,652

The Cailloux Theater was constructed with exterior lighting to bathe the building in a beautiful white light. Over time, the fixtures have suffered water infiltration which has rendered the system inoperable thus requiring complete replacement of the lighting system. Replacement of the system is expected to cost \$79,652. City staff is evaluating several options that include replacing the recessed lights, installing surface mounted ground lights, and building mounted lights.

Attached is the final draft of the funding agreement between the City and the EIC. This agreement was drafted as per direction at the June 17, 2013 EIC meeting.

The purpose of this agenda item is to approve the funding agreement and hold a public hearing. If approved, this funding agreement will be considered by the City Council at the August 13, 2013 City Council meeting.

RECOMMENDED ACTION

City staff recommends holding a public hearing and the consideration and approval of this funding agreement as presented.

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF KERRVILLE, TEXAS (IMPROVEMENTS TO CAILLOUX THEATER FOR THE PERFORMING ARTS)

THIS PROJECT FUNDING AGREEMENT is entered into this _____ day of _____, 2013, 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 and hereafter called “the Act”) and the City of Kerrville, Texas (“City”), a Texas home-rule municipality.

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, the EIC is authorized to undertake, or to provide funding to City to undertake, projects which the EIC finds to be encompassed by the definition of “projects” as that word is defined in Chapters 501 and 505 of the Act; and

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

Equipment 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, and other related improvements that enhance any of the items described by 505.152 of the Act; and

WHEREAS, City proposes to make improvements to the Kathleen C. Cailloux Theater for the Performing Arts, a City-owned auditorium (“Auditorium”), which serves as the primary venue within the area for the performing arts and which improvements will enhance the quality of life of area residents; and

WHEREAS, the improvements consist of upgrades to both the interior and exterior lighting of the Auditorium in an amount not to exceed \$200,652.00 (the “Project”); and

WHEREAS, the Project will remedy lighting deficiencies inside and outside the Auditorium as well as improve the energy efficiency of the systems; and

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

WHEREAS, the EIC finds that the Project is required or suitable for entertainment, tourist, convention, auditoriums, amphitheaters, concert halls, exhibition facilities and other related improvements that enhance any of these items; and

WHEREAS, the 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 July 22, 2013, 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 summary as described in **Exhibit A** attached hereto and included herein for all purposes. City shall not substantively alter the description of the Project in any respect without the prior approval of the EIC.
2. **Agreement to Fund Project:** the EIC agrees to provide City an amount up to and not to exceed \$200,652.00 in 4B Revenues to be used for the Project. City is authorized to make payments for the herein described purposes directly from the Sales Tax Improvement Fund (Fund 40) or by making a transfer of 4B Revenues from the Sales Tax Improvement Fund (Fund 40) to one or more funds described in the City's approved budget. The City shall limit transfers to the actual amount of the payment draws submitted by architect related to the Project.
3. **Eligible Costs:** Payments made by City from 4B Revenues as authorized by Section 2, above, are limited to the payment of "costs" as defined in the Act.
4. **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.

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

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

By: _____
Jack Pratt, Jr., Mayor

By: _____
David Wampler, President

ATTEST:

ATTEST:

Brenda G. Craig, City Secretary

Rex Boyland, Secretary for the EIC

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

Exhibit A
Cailloux Theater
Lighting Improvements

EXHIBIT "A"
99

Reimbursement Item	Maximum Reimbursement
Interior Lighting	
lobby and auditorium	\$ 121,000
Subtotal	\$ 121,000
Exterior Lighting	
exterior of building	\$ 79,652
Subtotal	\$ 79,652
TOTAL MAXIMUM REIMBURSEMENT	\$ 200,652