

**AGENDA FOR MEETING OF
THE CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
Monday, July 19, 2010, 4:00 p.m.
Kerrville City Hall Council Chambers
800 Junction Highway, Kerrville, Texas**

1. CALL TO ORDER

2. INVOCATION

3. VISITORS FORUM

At this time, any person 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 presentations to three minutes.

4. APPROVE MINUTES:

4A. June 21, 2010

5. MONTHLY REPORTS:

5A. Monthly financials for June 2010

5B. EIC construction project status

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Consider and approve the FY11 budget (Erwin)

7. INFORMATION AND DISCUSSION:

7A. Review of by-laws, procedures of board, officers and administrative services.

7B. Review of the resolution establishing a Contingency Fund Policy (Miller)

7C. Update on Multi Purpose Meeting Facility (Ferguson)

7D. Update on the Kerr Economic Development Corporation (Pratt)

8. EXECUTIVE SESSION:

The EIC Board reserves the right to discuss any of the above items in executive closed session 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), 551.075, 551.076 (deliberation regarding security devices) or 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

Sections 551.071, 551.072 and 551.087:

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

9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

10. 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 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: July 15, 2010 at 11:00 a.m. and remained posted continuously for at least 72 hours proceeding the scheduled time of the meeting.

Teri Kinsey

Deputy City Secretary, City of Kerrville, Texas

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

June 21, 2010

On Monday, June 21, 2010, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Bill Crumrine, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

Members Present:

Bill Crumrine, President
Jack Pratt, Vice President
Alan Massey, Secretary /Treasurer
Gregg Appel
Rex Boyland
Warren Ferguson
Robert Miller

Staff Present

Mike Erwin, Director of Finance
Mindy Wendele, Director of Business Programs
Mike Wellborn, Director of Engineering
Teri Kinsey, Administrative Assistant to City Secretary

2. INVOCATION:

Given by President Bill Crumrine.

3. VISITORS FORUM:

Nobody spoke during the visitor's forum.

4. PRESENTATION:

4A. Welcome of new members Rex Boyland and Robert Miller

5. ANNUAL CORPORATION MEETING AND ELECTION OF OFFICERS:

5A. Election of President, Vice President and Secretary/Treasurer in accordance with EIC bylaws

Mr. Ferguson made a motion to nominate Bill Crumrine as President, Jack Pratt as Vice President and Alan Massey as Secretary/Treasurer; Mr. Miller seconded; motion passed 7-0.

6. APPROVE MINUTES:

6A. May 17, 2010

Mr. Massy moved to approve the minutes of the May 17, 2010 meeting; Mr. Ferguson seconded; motion passed 7-0.

7. MONTHLY REPORTS:

7A. Monthly financials for May 2010

Mike Erwin presented the May 2010 financials. Mr. Pratt moved to accept the financials as presented; Mr. Ferguson seconded; motion passed 7-0.

7B. EIC construction project status

Mike Wellborn presented the May 2010 construction project status report. No motion was made; the construction report was accepted by consensus.

8. INFORMATION AND DISCUSSION:

8A. Review and discussion of FY11 Budget

Mr. Erwin presented the Board with a spreadsheet of the FY11 proposed budget and advised them the projected revenue estimate was \$2,250,000, approximately \$250,000 lower than the past years. Mr. Erwin also advised the Board that non specific numbers were used in order to start the discussion; it was stated that \$714,000 would remain for the Boards direction:

Administrative:

- \$505,000 Transfer to debt service
- \$75,000 Administrative fee
- \$225,000 Kerr Economic Development Corporation

Business Development/Category I

- \$131,000 KEDF/USDA Project
- \$50,000 Commercial Improvement Program
- \$600,000 Unspecified

Quality of Life/Category II

- \$82,000 Unspecified

Public Infrastructure/Category III

- \$82,000 Unspecified Projects

Contingency

- \$500,000

The Board questioned; 1.) the percentage the ED governing body could receive of the overall collected money; the new ED governing body, by law, can only receive 10% of collected monies to be used for marketing purposes. 2.) if the proposed allocations were set in stone or could the Board come back and amend those allocations; and if EIC was a "board" or a separate "non profit organization", why it would need council's approval to allocate funds; Mr. Erwin explained to the Board that state law mandates city council's approval of all funding through EIC, but the EIC Board may move money to different items within a specific category, this additionally answers the question of EIC being a board or non profit organization and why council's approval is needed. 3.) how did the city come up with the figure of \$2,250,000? Mr. Erwin advised the Board that this amount is half of what was budgeted into the general fund. There was no action taken in regards to approving the allocations, only presented to the Board for city staff to receive direction. Ms. Wendele stated that the FY11 budget would be presented to the city council on July 27, 2010. It was discussed, briefly, how different projects got categorized, for example, River Trails project as "Quality of Life". It was decided by the Board to leave the surplus balance out of the proposed allocations and just have it as a footnote.

8B. Definition of a Grant and a Loan

Ms. Wendele advised the Board that the questions asked by Mr. Miller, in regards to loans and grants were answered by City Attorney, Mike Hayes during a prior phone

conversation. A question raised during the meeting was whether a non profit organization could make a loan as opposed to a grant and what the guideline where in order to do so? A non profit organization is allowed to make loans and the guidelines are detailed in the newly adopted 4B Sales Tax Funding Request Guidelines and Procedures. There are reimbursement criteria written into most funding agreements stating that if it is paid for, if records are kept and city staff inspects the site, then a reimbursement check can be issued.

8C. Update on Convention Center Review Panel

Mr. Ferguson advised the Board that the Convention Center review panel met 2 week ago with the developers who submitted proposals and gave them a list of 7 non negotiables, one of which noting that the City of Kerrville has limited resources. It was the recommendation of the review panel to enter into negotiations with Hunter Equity within 30 days. Mr. Ferguson informed the Board he felt this was a good time to begin this project due to the cost of construction being low and that by the time the economy is projected to be stable again, the multi purpose meeting facility would be complete, approximately the 4th quarter of 2012. This project falls within the scope of the economic development policy that was adopted by the City of Kerrville, Kerr County and the City of Ingram and all three feel this is a worthwhile venture. At this time, there has been nothing decided about the expectations of EIC in regards to funding, but when the time does arise, it is the suggestion of the Board that this matter be placed on the agenda to be discussed in executive session.

Mr. Ferguson left the meeting at 5:32 pm.

8D. Update on Economic Development Governing Body

Mr. Pratt informed the Board that the former ED governing body is now the Kerr Economic Development Corporation and the Articles of Incorporation were submitted to the state on June 21, 2010, and within 48 hours will be finalized. Bylaws have been approved and are now in place and next month a public announcement is scheduled that will present the entire concept and list the boards that are being represented by this new governing body. Mr. Pratt will have available more details at the next meeting, after the public announcement has been made. The board questioned the motivation behind establishing a new economic governing body; the first being *image*, trying to create new branding. Second being *liability*, upon starting a new organization, there would no liabilities or risks that would carry over from the old KEDF. It was brought up by Mr. Pratt that in the near future, the EIC Board might be asked to consider a loan for the KEDC to assist the bankers in the renegotiations as a substitute for KEDF, and that way EIC would own part of that note.

9. EXECUTIVE SESSION:

The EIC Board reserves the right to discuss any of the above items in executive closed session 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), 551.075, 551.076 (deliberation regarding security devices) or 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

10. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

11. ADJOURNMENT:

Mr. Pratt moved to adjourn the meeting; Mr. Boyland seconded; motion passed 6-0.
The meeting adjourned at 5:38 PM.

APPROVED: July 19, 2010

Bill Crumrine
President

Teri Kinsey
Admin. Assist. to the City Secretary

City of Kerrville
Economic Improvement Corporation
Sales Tax Improvement Fund
Revenue and Expense Statement
For the month ending June 30, 2010

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 1,098,201		\$ 1,098,201		
REVENUE:					
Sales and Use Tax	\$ 2,562,000	\$ 182,429	\$ 1,656,337	64.65%	\$ 905,663
Interest	\$ 45,000	\$ -	\$ 18,235	40.52%	\$ 26,765
TOTAL REVENUE	\$ 2,607,000	\$ 182,429	\$ 1,674,573	64.23%	\$ 932,427

	Annual Budget	Current Period	Y-T-D Actual & Encumbrances	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Supplies	\$ -	\$ 24	\$ 32	-	\$ (32)
Transfer to Debt Service Fund	\$ 505,000	\$ 42,083	\$ 378,750	75.00%	\$ 126,250
Kerrville Economic Development Foundation	\$ 25,000			100.00%	\$ 25,000
Administrative Services Fee	\$ 75,000	\$ 6,250	\$ 56,250	75.00%	\$ 18,750
Total Administrative	\$ 605,000	\$ 48,357	\$ 435,032	71.91%	\$ 169,968
Category I - Business Development					
KEDF/USDA Project	\$ 33,262		\$ 33,262	100.00%	\$ -
Unspecified	\$ 1,033,738	\$ 20	\$ 20	0.00%	\$ 1,033,718
Total Category I	\$ 1,067,000	\$ 20	\$ 33,282	100.00%	\$ 1,033,718
Category II - Quality of Life					
Schreiner University Project	\$ 250,000	\$ -	\$ 250,000	100.00%	\$ -
Category II Unspecified	\$ 50,000			0.00%	\$ 50,000
Total Category II	\$ 300,000	\$ -	\$ 250,000	83.33%	\$ 50,000
Category III - Public Infrastructure					
Unspecified Projects	\$ 1,471,038			0.00%	\$ 1,471,038
Total Category III	\$ 1,471,038	\$ -	\$ -	0.00%	\$ 1,471,038
Contingency	\$ 500,000			0.00%	\$ 500,000
TOTAL EXPENDITURES	\$ 3,943,038	\$ 48,377	\$ 718,314	18.22%	\$ 3,224,724
NET REVENUES TO EXPENDITURES	\$ (1,336,038)	\$ 134,051	\$ 956,259		
ENDING CASH BALANCE: June 30, 2010	Budget \$ (237,837)		Actual \$ 2,054,460		

	2010	2011	2012	2013	2014
Beginning Cash Balance	\$ 1,098,201	\$ 2,008,887	\$ 2,032,887	\$ 3,392,337	\$ 4,773,500
Revenue					
Sales Tax	\$ 2,250,000	\$ 2,250,000	\$ 2,272,500	\$ 2,295,225	\$ 2,318,177
Interest	\$ 24,000	\$ 24,000	\$ 25,200	\$ 26,460	\$ 27,783
Total Revenue	\$ 2,274,000	\$ 2,274,000	\$ 2,297,700	\$ 2,321,685	\$ 2,345,960
Expense					
KEDF-USDA	\$ 33,262	\$ 131,000	\$ 131,000	\$ 131,000	\$ 32,000
Kerr Economic Dev. Foundation	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Schreiner University	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Promo (ED Gov)	\$ 225,000	\$ 225,000	\$ 227,250	\$ 229,523	\$ 231,818
Administrative Services-City	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Home Opportunity Program	\$ 150,000				
Commercial Improvement Program	\$ 100,000	\$ 50,000			
Other/Unspecified	\$ 52	\$ 1,264,000	\$ -	\$ -	\$ -
Debt Service Transfer	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 178,500
	\$ 1,363,314	\$ 2,250,000	\$ 938,250	\$ 940,523	\$ 517,318
Revenue over Expense	\$ 910,686	\$ 24,000	\$ 1,359,450	\$ 1,381,163	\$ 1,828,643
Ending Cash Balance	\$ 2,008,887	\$ 2,032,887	\$ 3,392,337	\$ 4,773,500	\$ 6,602,143

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Debt Service Fund
Revenue and Expense Statement
For the month ending June 30, 2010

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 314,120		\$ 314,120		
REVENUE:					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 42,083	\$ 378,750	75.00%	\$ 126,250
Return of Equity - Park Lane Extension	\$ -		\$ 91,016	100.00%	\$ (91,016)
TOTAL REVENUE	\$ 505,000	\$ 42,083	\$ 469,766	93.02%	\$ 35,234
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
EXPENDITURES:					
Series 1999 Sales Tax Bond Debt Service	\$ 405,000	\$ -	\$ 405,000	100%	\$ -
Series 1999 Sales Tax Bond Interest Expense	\$ 92,539	\$ -	\$ 50,775	55%	\$ 41,764
Paying Agent Fees	\$ 1,000	\$ -	\$ 1,000	100%	\$ -
First Southwest Continuing Disclosure Fee	\$ -	\$ -	\$ -	-	\$ -
TOTAL EXPENDITURES	\$ 498,539	\$ -	\$ 456,775	91.62%	\$ 41,764
ENDING CASH BALANCE: June 30, 2010	Budget \$ 320,581		Actual \$ 327,111		

	2010	2011	2012	2013	2014
Beginning Cash Balance	\$ 314,120	\$ 317,081	\$ 318,722	\$ 320,156	\$ 322,408
Revenue					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 178,500
Total Revenue	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 178,500
Expenditures:					
Series 1999 Sales Tax Bond Debt Principal	\$ 405,000	\$ 425,000	\$ 445,000	\$ 465,000	\$ 485,000
Series 1999 Sales Tax Bond Debt Interest	\$ 92,539	\$ 73,859	\$ 54,066	\$ 33,248	\$ 11,276
Paging Agent Fees	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Continuing Disclosure Fee	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
	\$ 502,039	\$ 503,359	\$ 503,566	\$ 502,748	\$ 500,776
Revenue over expenditures	\$ 2,961	\$ 1,641	\$ 1,434	\$ 2,252	\$ (322,276)
Ending Cash Balance	\$ 317,081	\$ 318,722	\$ 320,156	\$ 322,408	\$ 132

CITY OF KERRVILLE
 Economic Improvement Corporation
 SALES TAX REVENUE ANALYSIS

Month	FY Actual 07	FY Actual 08	FY Actual 09	FY Approved FY 10	Actual 10	FY 10 Proj v. 10 Actual	% of Budget Variance
October	\$ 184,785	\$ 194,330	\$ 195,050	\$ 195,831	\$ 179,735	\$ (16,096)	-8.22%
November	\$ 204,940	\$ 219,398	\$ 218,565	\$ 219,201	\$ 188,879	\$ (30,322)	-13.83%
December	\$ 189,001	\$ 195,398	\$ 202,043	\$ 200,130	\$ 170,981	\$ (29,149)	-14.56%
January	\$ 184,529	\$ 187,236	\$ 190,881	\$ 193,510	\$ 170,645	\$ (22,865)	-11.82%
February	\$ 246,363	\$ 251,426	\$ 239,208	\$ 258,118	\$ 236,837	\$ (21,281)	-8.24%
March	\$ 165,161	\$ 194,946	\$ 200,569	\$ 193,990	\$ 163,136	\$ (30,854)	-15.91%
April	\$ 166,504	\$ 168,423	\$ 259,861	\$ 201,624	\$ 160,461	\$ (41,163)	-20.42%
May	\$ 233,625	\$ 234,014	\$ 228,262	\$ 242,877	\$ 203,235	\$ (39,642)	-16.32%
June	\$ 182,280	\$ 193,637	\$ 181,835	\$ 194,493	\$ 182,429	\$ (12,064)	-6.20%
July	\$ 196,384	\$ 200,625	\$ 183,253	\$ 201,857			
August	\$ 221,781	\$ 230,443	\$ 219,318	\$ 235,664			
September	\$ 228,600	\$ 213,253	\$ 189,718	\$ 224,705			
Total	\$ 2,403,953	\$ 2,483,129	\$ 2,508,562	\$ 2,562,000	\$ 1,656,337	\$ (243,436)	-12.81%

CITY OF KERRVILLE
Economic Improvement Corporation
EIC Capital Projects Fund

Cash Balance as of June 1, 2010		\$ 2,913,422
Revenues:		
None	\$	-
Total Revenues/Transfer In	\$	-
Expenses:		
Services		
Special Services		
Town Creek Sanitary System	\$	273
Harper Road Utility Extension	\$	952
	<u>\$</u>	<u>1,225</u>
Capital Outlay		
Land		
Salvation Army Center	\$	40,845
Water System		
Correct Water Plant Relocate	\$	(800)
Capital Outlay Total	<u>\$</u>	<u>40,045</u>
Total Expenses	\$	41,270
Revenue Over (Under) Expenditures		<u>\$ (41,270)</u>
Ending Cash Balance as of June 30, 2010		<u>\$ 2,872,152</u>

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Capital Projects Fund

Project Status Summary
For the month ending June 30, 2010

YEAR(S) FUNDED	PROJECTS	Funding Agreement	EIC Funding Agreement Commitment	EIC Funded To Date	Non-EIC Funding	Total Funded	Project Expenses to Date	Project Balance	EIC Future Allocation Balance	% Complete
2004/05	Town Creek Sewer	FA 2004-06	\$ 492,657	\$ 492,657	\$ 684,930	\$ 1,177,287	\$ 1,125,827	\$ 51,460	\$ -	Close June '10
2004/05	Holdsworth Drive	FA 2004-07	\$ 1,000,000	\$ 1,000,000	\$ 3,500,396	\$ 4,500,396	\$ 4,491,208	\$ 9,188	\$ -	
2006/07	Harper Highway Utility Extension	FA 2008-013	\$ 2,850,000	\$ 2,850,000	\$ 100,000	\$ 2,950,000	\$ 230,791	\$ 2,719,209	\$ -	Bidding
2007/08	Salvation Army Kroc Center	FA 2008-011	\$ 500,000	\$ 500,000		\$ 500,000	\$ 417,931	\$ 82,069	\$ -	Final Checklist
2008/09	Hill Country Shooting Sports Center		\$ 300,000	\$ 300,000		\$ 300,000	\$ 300,005	\$ (5)	\$ -	N/A
2008/09	Alamo Workforce		\$ 109,887	\$ 109,887		\$ 109,887	\$ 108,394	\$ 1,493	\$ 0	N/A
2008/09	KEDF USDA Payment*	FA 2008-08	\$ 525,000	\$ 99,968		\$ 99,968	\$ 99,968	\$ (0)	\$ 425,032	N/A
TOTALS			\$ 5,777,544	\$ 9,637,538	\$ 4,285,026	\$ 9,637,538	\$ 6,774,124	\$ 2,863,414	\$ 425,032	

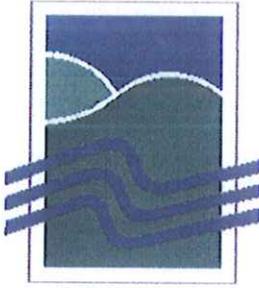
Cash Balance on 6/30/2010: \$ 2,872,152

* Funding moved as payment becomes due

Unallocated cash available: \$ 8,738

BOND MATURITY SCHEDULE
EIC - SALES TAX REVENUE BONDS
SERIES 1999
\$5,350,000

Year Ending Sep 30	Principal	Interest	Total	Balance of Principal
2000	\$ 160,000	\$ 336,050	\$ 496,050	\$ 5,190,000
2001	\$ 275,000	\$ 220,566	\$ 495,566	\$ 4,915,000
2002	\$ 290,000	\$ 208,560	\$ 498,560	\$ 4,625,000
2003	\$ 300,000	\$ 196,023	\$ 496,023	\$ 4,325,000
2004	\$ 315,000	\$ 182,954	\$ 497,954	\$ 4,010,000
2005	\$ 330,000	\$ 169,578	\$ 499,578	\$ 3,680,000
2006	\$ 340,000	\$ 155,925	\$ 495,925	\$ 3,340,000
2007	\$ 355,000	\$ 141,500	\$ 496,500	\$ 2,985,000
2008	\$ 370,000	\$ 126,183	\$ 496,183	\$ 2,615,000
2009	\$ 390,000	\$ 109,935	\$ 499,935	\$ 2,225,000
2010	\$ 405,000	\$ 92,539	\$ 497,539	\$ 1,820,000
2011	\$ 425,000	\$ 73,859	\$ 498,859	\$ 1,395,000
2012	\$ 445,000	\$ 54,066	\$ 499,066	\$ 950,000
2013	\$ 465,000	\$ 33,248	\$ 498,248	\$ 485,000
2014	\$ 485,000	\$ 11,276	\$ 496,276	\$ -
Total	\$ 5,350,000	\$ 2,112,262	\$ 7,462,262	



City of Kerrville
Director of Engineering
800 Junction Highway
Kerrville, Texas 78028-5069
830.792.8310 (O)
830.896.8793 (F)
mike.wellborn@kerrvilletx.gov

MEMORANDUM

TO: EIC Board

FROM: Michael Wellborn, P.E., Director of Engineering 

DATE: July 13, 2010

SUBJECT: End of June CIP Update for EIC Funded Projects

Town Creek Sanitary Sewer Extension (\$592,657.00) – Project has been completed and accepted by the City of Kerrville. Expenses for this project totaled \$1,125,826.54. The project account closure process has been initiated.

Harper Road Utility Extension (\$2,850,000.00) – The project construction contract was awarded to Nelson Lewis, Inc. in an amount not to exceed \$2,520,564.00 on June 22, 2010. The pre-construction meeting and subsequently Notice to Proceed is tentatively scheduled for July 22, 2010. In addition to the construction contract, City Council awarded a separate contract to Raba Kistner Consultants, Inc to perform the required material testing for the project. The contract with the consultant is a not to exceed contract in an amount of \$67,840.00.

Salvation Army Kroc Center Site Work & Drainage Improvements (\$570,000.00) – This project consists of constructing retaining walls, side walks, walking trails, fencing, replacement of sanitary sewer and other associated improvements related to the Salvation Army Kroc Center including site preparation, grading and drainage. The construction contract was awarded to Yantis Company (Contractor) during the May 12, 2009 City Council meeting in the amount of \$1,119,735.75. On June 8, 2010, Council authorized the increase of the Yantis Contract to the amount of \$1,173,959.55 and authorized the release of the remainder funds in the amount of \$44,317.46 to cover change orders. A final walk-thru has been performed for this project and the Contractor has until the end of this month to complete outstanding contract items.

