

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

WEDNESDAY, DECEMBER 17, 2014 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
WEDNESDAY, DECEMBER 17, 2014, 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 Board of Directors. 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 November 24, 2014.

3. MONTHLY REPORTS:

3A. Monthly financials for November 2014. (staff)

3B. Projects update. (staff)

River Trail and Parks projects

Cailloux Theater Lighting Project

Schreiner University Athletic and Event Center

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

4. PUBLIC HEARING AND POSSIBLE ACTION:

4A. Funding Agreement between the City of Kerrville Economic Improvement Corporation and the City of Kerrville for an athletic complex in an amount not to exceed \$9,000,000.00. (staff)

4B. Funding Agreement between the City of Kerrville Economic Improvement Corporation and James Avery Craftsman, Inc. in an amount not to exceed \$1,219,000.00. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service 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 December 12, 2014, 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

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Amendment to the Funding Agreement between the City of Kerrville Economic Improvement Corporation and Habitat for Humanity. (staff)

5B. Update of all active Funding Agreements.

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 matters:

Sections 551.071 (consultation with attorney), and 551.072 deliberation regarding real property:

- River Trail Project

Sections 551.071 (consultation with attorney) and 551.087 (deliberation regarding economic development negotiations):

- Funding Agreement between the City of Kerrville Economic Improvement Corporation and James Avery Craftsman, Inc. in an amount not to exceed \$1,219,000.00. Funding application from the City of Kerrville in the amount of
- Funding Agreement between the City of Kerrville Economic Improvement Corporation and the City of Kerrville for an athletic complex in an amount not to exceed \$9,000,000.00.

7. ITEMS FOR FUTURE AGENAS

8. ANNOUNCEMENTS

9. 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 December 12, 2014, 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 November 24, 2014.

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

November 24, 2014

On Monday, November 24, 2014, the regular 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 Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas.

The invocation was offered by Kenneth Early.

Members Present:

David Wampler, President
Kenneth Early, Vice President
Polly Rickert, Secretary
Gary Cochrane
Larry Howard
Stacie Keeble
Sheri Pattillo

Members Absent: None

City Executive Staff Present:

Todd Parton, City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Ashlea Boyle, Special Projects Manager
Sandra Yarbrough, Director of Finance
Malcolm Matthews, Parks and Recreation Director

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

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

2. **APPROVAL OF THE MINUTES:**

2A. Mr. Early moved to approve the minutes for the regular meeting held October 27, 2014. Mr. Howard seconded the motion, and it passed.

3. **MONTHLY REPORTS**

Monthly financials for October 2014

3A. Ms. Yarbrough reported a beginning balance of \$3,248,656; with \$239,363 revenue, and \$242,250 expenditures; leaving an ending cash balance on October 31, 2014 of \$3,245,769. There was a 10% increase over 2013. She reviewed the capital projects status summary and the cash and investments fund.

3B. Capital projects update:
River trail and parks projects:
Mr. Matthews reported:

Package B: The trail was completed, and the shade structure and re-vegetation were pending.

Park Improvements: Restroom #1 CMU, pump house CMU, was completed; and restroom #2 CMU and framing was completed.

The west parking lot was paved.

Existing pavilion rock columns were completed.

Kraftsman completed the plumbing lines for the spray feature.

The parking lot at the dam was completed.

Earth work under the Highway 16 bridge for the parking lot was underway.

Package F from G Street to Kerrville-Schreiner Park: The light pole foundations at G Street were poured.

The trenching for the remainder of the G Street trail section was underway.

The CXT restroom at Kerrville-Schreiner Park was completed.

The bridge crossing #2 cast-in-place culvert sections were complete.

3C. Update regarding "GO Team" activities:

Ms. Boyle reported the "GO Team" had not met since the last board meeting, however, community event funding applications had been received.

4. CONSIDERATION AND POSSIBLE ACTION:

Mr. Wampler stated that he had received a request to move item 4C to the beginning of this section. The board had no objections, so item 4C was heard first.

4C. Playhouse 2000 report regarding the support facility expansion:

Jeffrey Brown made a presentation regarding the progress of funding efforts to cover the costs of the improvements to the Cailloux Theater. He also answered questions from the board regarding his project numbers. The costs were:

General conditions	\$72,008.00
Site preparation	\$114,365.00
Building	\$670,369.00
Contractor fee	\$59,972.00
Architectural/engineering	
survey, geotech, reimbursables	\$77,650.00
Furniture, fixtures, equip.	<u>\$50,000.00</u>
Subtotal-general construction	\$1,044,364.00
Contingency & set-aside	\$96,255.00
10% recommended contingencies	\$45,836.00
Inflation index	\$45,836.00
Subtotal-contingencies	<u>\$142,091.00</u>

Grand Total \$1,186,455.00

Peter Lewis also answered questions from the board regarding this project.

Mr. Howard moved to direct staff to prepare a funding request from the City of Kerrville for reimbursement of expenses in an amount not to exceed \$350,000.00.

Ms. Keeble seconded, and the motion passed 7-0.

4A. Funding application from the City of Kerrville in the amount of \$9,000,000 for an athletic complex:

Mr. Parton gave a presentation regarding the project. He reviewed a timeline for the project.

Further discussion of this agenda item was deferred to closed executive session.

4B. Amendment to the Fiscal Year 2015 City of Kerrville Economic Improvement Corporation budget:

Mr. Parton presented the proposed amended budget. He also answered questions from the board regarding the budget amendments.

The board questioned whether the available funds included the previously allocated amount for Habitat for Humanity. Mr. Parton responded that the funds for Habitat would come out of the listed available funds.

Mr. Early moved to approve the fiscal year 2015 budget, with the amendment to exclude from the cash balance the funds previously allocated for the Habitat for Humanity. Ms. Keeble seconded, and the motion passed 7-0.

4D. Fiscal Year 2016 EIC Budget Workshop:

The consensus of the board was to meet on January 7, 2015 at 8:30 a.m.

5. EXECUTIVE SESSION:

Mr. Howard moved that the EIC go into executive closed session under Section 551.071 (consultation with attorney) and 551.072 (deliberation regarding real property). Ms. Pattillo seconded the motion, and it passed 4-0, to discuss the following matter:

Sections 551.071 consultation with attorney and 551.072 deliberation regarding real property:

- River Trail Project

Sections 551.071 and 551.087 deliberation regarding economic development negotiations and 551.073 deliberation regarding gifts:

- River Trail Project

At 5:35 p.m. the open session recessed and the EIC went into executive closed session at p.m. At 6:33 p.m. the executive closed session recessed and the EIC returned to open session at 6:33 p.m. Mr. Wampler announced that no action was taken in executive session.

ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:

Mr. Howard moved to approve the application from the City of Kerrville in an amount up to \$9,000,000.00. Mr. Cochrane seconded, and the motion passed 7-0.

ANNOUNCEMENTS: None

The meeting was adjourned at 6:34 p.m.

APPROVED: _____

David Wampler, President

ATTEST:

Cheryl Brown
Deputy City Secretary

Agenda Item:

3A. Monthly financials for November 2014. (staff)

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

SUBJECT: EIC Financials

FOR AGENDA OF: December 15, 2014 **DATE SUBMITTED:** December 10, 2014

SUBMITTED BY: Sandra G. Yarbrough *SY* **CLEARANCES:**
Director of Finance

EXHIBITS: Monthly Financials
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 OR FINANCE:

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 - Summary
For the month ending November 30, 2014

Beginning Cash Balance		\$ 3,245,776
Income:		
Sales Tax	\$ 257,654	
Interest Revenue	\$ 433	
Total Income	\$ 258,087	
Expenses:		
Administrative Service Fee	\$ 8,333	
Transfer for Debt Service - 2012	\$ 42,667	
Transfer - Park Improvements	\$ 25,000	
Total Expenses	\$ 76,000	
Revenues Over (Under) Expenditures		\$ 182,088
Ending Cash Balance		\$ 3,427,863

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expense Statement
For the month ending November 30, 2014

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 3,248,663		\$ 3,248,663		
REVENUE:					
Sales and Use Tax	\$ 2,931,638	\$ 257,654	\$ 496,587	16.94%	\$ 2,435,051
Interest	\$ 5,000	\$ 433	\$ 863	17.26%	\$ 4,137
TOTAL REVENUE	<u>\$ 2,936,638</u>	<u>\$ 258,087</u>	<u>\$ 497,450</u>	<u>16.94%</u>	<u>\$ 2,439,188</u>
	Annual Budget	Current Period	Y-T-D Actual & Encumbrance	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Local Meetings	\$ 100	\$ -	\$ -	0.00%	\$ 100
Advertising	\$ 100	\$ -	\$ -	0.00%	\$ 100
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 16,667	16.67%	\$ 83,333
Transfer to Debt Service Fund - River Trail	\$ 512,000	\$ 42,667	\$ 85,333	16.67%	\$ 426,667
Economic Development Governing Body	\$ 175,000	\$ -	\$ 166,250	95.00%	\$ 8,750
River Trail Contribution	\$ 150,000	\$ 25,000	\$ 50,000	33.33%	\$ 100,000
Total Administrative	<u>\$ 937,200</u>	<u>\$ 76,000</u>	<u>\$ 318,250</u>	<u>33.96%</u>	<u>\$ 618,950</u>
Category I - Business Development					
ED Set Aside	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Unspecified	\$ -	\$ -	\$ -	0.00%	\$ -
Total Category I	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100.00%</u>	<u>\$ 500,000</u>
Category II - Quality of Life					
Special Events	\$ 100,000	\$ -	\$ -	0.00%	\$ 100,000
Streetscape	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Baseball Complex	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Boardwalk	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
Unspecified	\$ -	\$ -	\$ -	0.00%	\$ -
Total Category II	<u>\$ 1,350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 1,350,000</u>
Category III - Public Infrastructure					
Unspecified	\$ -	\$ -	\$ -	0.00%	\$ -
Total Category III	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
	\$ -	\$ -	\$ -		\$ -
TOTAL EXPENDITURES	<u>\$ 2,787,200</u>	<u>\$ 76,000</u>	<u>\$ 318,250</u>	<u>11.42%</u>	<u>\$ 2,468,950</u>
NET REVENUES TO EXPENDITURES	<u>\$ 149,439</u>	<u>\$ 182,087</u>	<u>\$ 179,200</u>		
ENDING CASH BALANCE	Budget \$ 3,398,101		Actual \$ 3,427,863		

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Revenue Analysis - FY15
For the month ending November 30, 2014

Revenue Month	Actual FY 2012	Actual FY 2013	Actual FY 2014	Approved FY 2015	Actual FY 2015	FY14 vs FY15	Budget vs Actual
October	\$ 219,934	\$ 226,663	\$ 241,503	\$ 243,616	\$ 238,933	\$ (2,570)	-1.06%
November	\$ 203,379	\$ 210,744	\$ 234,150	\$ 236,201	\$ 257,654	\$ 23,504	10.04%
December	\$ 208,227	\$ 204,782	\$ 214,424	\$ -	\$ -	\$ -	0.00%
January	\$ 204,051	\$ 217,647	\$ 229,761	\$ -	\$ -	\$ -	0.00%
February	\$ 264,744	\$ 284,177	\$ 296,036	\$ -	\$ -	\$ -	0.00%
March	\$ 186,812	\$ 205,749	\$ 207,869	\$ -	\$ -	\$ -	0.00%
April	\$ 185,835	\$ 215,800	\$ 218,030	\$ -	\$ -	\$ -	0.00%
May	\$ 223,320	\$ 251,468	\$ 268,682	\$ -	\$ -	\$ -	0.00%
June	\$ 195,775	\$ 234,781	\$ 267,530	\$ -	\$ -	\$ -	0.00%
July	\$ 210,758	\$ 216,641	\$ 222,961	\$ -	\$ -	\$ -	0.00%
August	\$ 239,007	\$ 245,964	\$ 266,321	\$ -	\$ -	\$ -	0.00%
September	\$ 203,486	\$ 224,905	\$ 238,926	\$ -	\$ -	\$ -	0.00%
YTD Total	\$ 2,545,329	\$ 2,739,321	\$ 2,906,194	\$ 479,817	\$ 496,587	\$ 20,934	16.94%

CITY OF KERRVILLE
Economic Improvement Corporation
Capital Projects Fund - Summary
For the month ending November 30, 2014

Beginning Cash Balance		\$ 823,334
Income:		
	\$	-
Total Income:	<u>\$</u>	<u>-</u>
Expenses:		
Cailloux Theater Expansion	\$	394
Streetscape	\$	49
High Five Events, LLC	<u>\$</u>	<u>18,153</u>
Total Expenses:	<u>\$</u>	<u>18,596</u>
Revenues Over (Under) Expenditures		<u>\$ (18,595)</u>
Ending Cash Balance		<u><u>\$ 804,738</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Project Status Summary
For the month ending November 30, 2014

Fiscal Years	Projects	Agreement Commitment	EIC Funded To Date	Total Funded	Expenses to Date	Project Balance
2009-10	Commercial Improvement	\$ 100,000	\$ 100,000	\$ 100,000	\$ 20,000	\$ 80,000
2010-11	Commercial Improvement	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
2012-13	Downtown Streetscape	\$ 35,100	\$ 35,100	\$ 35,100	\$ 32,487	\$ 2,613
2012-13	Playhouse 2000	\$ 118,000	\$ 118,000	\$ 118,000	\$ 113,469	\$ 4,532
2012-13	Cailloux Theater Lighting	\$ 200,652	\$ 200,652	\$ 200,652	\$ 46,509	\$ 154,143
2013-14	Cailloux Theater Expansion	\$ 500,000	\$ 500,000	\$ 500,000	\$ 38,493	\$ 461,507
2013-14	Special Events FY14	\$ 118,159	\$ 118,159	\$ 118,159	\$ 116,215	\$ 1,944
2013-14	Habitat for Humanity	\$ 375,000				
2014-15	Special Events FY15	\$ 100,000				
TOTALS		\$ 1,646,911	\$ 1,171,911	\$ 1,171,911	\$ 250,957	\$ 804,738

Cash Balance on 11/30/2014 \$ 804,738

General Capital Improvement Projects - supported by EIC

Fiscal Years	Projects	Agreement Commitment	Total Funded	Expense To Date	Balance
2011-12	River Trail	\$ 6,000,000	\$ 5,885,648	\$ 2,587,660	\$ 3,297,988
2011-12	Louise Hays/Lehman Monroe parks	\$ 2,000,000	\$ 2,600,000	\$ 922,939	\$ 1,677,061
	Funding Agreement - C2011-76Totals	\$ 8,000,000	\$ 8,485,648	\$ 3,510,600	\$ 4,975,048

Notes:

6/24/14 - Project adjustments - \$600,000.00 moved from River Trail project to Louise Hays/Lehman Monroe park improvements per EIC and City Council meetings - additional funding to replenish River Trail project to be requested by city staff from EIC at future EIC meeting.

9/22/14 - Project adjustment - \$600,000.00 approved at EIC meeting for Louise Hays/Lehman Monroe park improvements (see note above)

Cash and Investments

For the month ending November 30, 2014

Cash and Investment Balances by Fund			
<u>City G/L</u> <u>Fund</u>	<u>Fund Name</u>	<u>Balance</u>	<u>Period</u>
40	Sales Tax Improvement Fund (operating fund)	\$ 3,427,863	11/30/2014
75	EIC Projects Fund (capital projects fund)	\$ 804,738	11/30/2014
Total Cash and Investments		\$ 4,232,601	11/30/2014

Cash and Investments by Type - Placement - Amount					
<u>Type</u>	<u>Investment Placement</u>	<u>Amount</u>	<u>Interest Earned</u>	<u>Interest Earned</u> <u>(Annualized)</u>	<u>Period</u> <u>Ending</u>
Cash	Wells Fargo Checking	\$ 487,638	\$ -	0.00%	11/30/2014
ST Investment	EIC TexPool	\$ 1,623,859	\$ 38.10	0.03%	11/30/2014
ST Investment	EIC TexStar	\$ 1,625,019	\$ 51.67	0.04%	11/30/2014
HILCO FCU	CD	\$ 248,022	\$ 132.42	0.64%	11/30/2014
Kerr County FCU	CD	\$ 248,064	\$ 210.50	1.02%	11/30/2014
Total Cash and Investments		\$ 4,232,601	\$ 432.69	0.12%	11/30/2014

Agenda Item:

3B. Projects update. (staff)
River Trail and Parks projects
Cailloux Theater Lighting Project
Schreiner University Athletic and Event Center

EIC Projects Update December 15, 2014

Package B River Trail:

The shade structure and re-vegetation are pending.

Package F River Trail:

The foundation is poured for the shade structure at G Street.

The trail is poured up to the trail head at G Street.

Park Improvements:

Restroom #1 framing is underway.

Pump house framing is complete.

Restroom #2 cedar siding is completed.

The Centennial Stage steel framing is completed.

The small group pavilion framing and rock columns are completed.

Kraftsman has set the filters in the pump room.

The center of the spray plaza concrete is completed.

Earth work under the Hwy. 16 Bridge parking lot is underway.

Schreiner University

LEARNING BY HEARTSM

Office of Advancement and Public Affairs
2100 Memorial Blvd.
Kerrville, Texas 78028-5697

November 25, 2014

To: Kerrville EIC
VIA Email
ashlea.boyle@kerrvilletx.gov

From: Mark Tuschak

I am happy to report that the Schreiner University Event Center construction continues on schedule and slightly under budget as we approach all the final elements of the project. Our last project meeting will be held tomorrow. Interior finishes will be completed next week. The floors and bleachers are slated for installation the first week of December. We will complete the punch list on December 8th with final inspections by the Architect and Contractor. Our coaches are planning move in on December 12th with our certificate of occupancy complete during the week of December 15th at which time staff will be able to begin working from their new offices.

Our students, campus-wide, are excited about hosting their first home game in the Event Center on January 16th and are eager for Kerrville and Kerr County residents to join us in celebrating this important milestone.

We anticipate being able to submit a final financial report of the project on or about February 1st, 2015.

I am including photos of the exterior and would welcome your presence on campus at any time for a site visit or preview of the interior.

Many thanks for your support.



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: December 17, 2014 **DATE SUBMITTED:** December 11, 2014

SUBMITTED BY: Ashlea Boyle *ab* **CLEARANCES:** Todd Parton
Special Projects Manager 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 "GO Team" has not met since the last EIC meeting.

RECOMMENDED ACTION

This report is for informational purposes only. No action required.

Agenda Item:

4A. Funding Agreement between the City of Kerrville Economic Improvement Corporation and the City of Kerrville for an athletic complex in an amount not to exceed \$9,000,000.00. (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, Texas Economic Improvement Corporation and the City of Kerrville in an amount not to exceed \$9,000,000 for an athletics complex

FOR AGENDA OF: December 17, 2014 **DATE SUBMITTED:** December 12, 2014

SUBMITTED BY: Ashlea Boyle *AB* **CLEARANCES:** Todd Parton
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:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

On October 27, 2014, Ben Modisett from the Cailloux Foundation provided a presentation to the EIC regarding a proposed athletic complex for baseball and soccer to be constructed on approximately 75 acres on Holdsworth Drive. The complex would include baseball fields, soccer fields, roads, parking, restrooms, concession stands, lighting, maintenance / storage areas, etc. Mr. Modisett reported that the purchase of the land by the Cailloux Foundation was complete and the Foundation is prepared to donate \$3 million to the project, including the purchase of the land. The board discussed issuing bonds in 2015 to fund this project and asked staff to relay to City Council their support of this project.

On October 28, 2014, Mr. Modisett presented the same presentation to the City Council. City Council directed staff to submit a funding application to the EIC for this project.

On November 24, 2014, the EIC considered a funding request from the City of Kerrville in an amount not to exceed \$9 million for this project to include full construction finish out and support infrastructure for the facility including effluent. As per direction, attached is a draft funding agreement between the City of Kerrville and the EIC. If approved, this funding agreement will be presented to City Council on January 13, 2015 for final consideration and approval.

RECOMMENDED ACTION

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

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF KERRVILLE, TEXAS FOR THE DEVELOPMENT AND CONSTRUCTION OF AN ATHLETIC COMPLEX ADJACENT TO HOLDSWORTH ROAD

THIS PROJECT FUNDING AGREEMENT is entered into this _____ day of _____, 2014, by and between the **CITY OF KERRVILLE, TEXAS** (“City”), a Texas home rule municipality, and the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (“EIC”), a Texas non-profit corporation established by City pursuant to Section 4B of Article 5190.6 of the Texas Revised Civil Statutes 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”).

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, EIC is authorized to construct, or to provide funding to construct, 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, in May 1995, the citizens of the City, voting at an election, approved a proposition authorizing the levy of a one-half of one percent ($\frac{1}{2}\%$) sales and use tax upon the receipts at retail of taxable items pursuant to the Act (the “4B Sales Tax”) to undertake projects, as defined, including but not limited to:

Expenditures required or suitable for projects related to recreational or community facilities, including land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for professional and amateur sports, including children’s sports, athletic, entertainment, tourist, and public park purposes and events, including amphitheatres, parks and park facilities, open space improvements, and related 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 herein; and

WHEREAS, the City Council of the City (“City Council”) has decided to undertake a project to develop and construct an athletic complex, to include baseball, softball, and soccer fields and related improvements, adjacent to Holdsworth Drive (collectively referred to herein as the “Improvements”); and

WHEREAS, the City Council and the EIC Board of Directors (“Board”) find that costs related to the Improvements may be legally funded with 4B Sales Tax; and

WHEREAS, after due consideration of the available means to finance the costs of the Improvements, the benefits to the City, the EIC, and the citizens of the City by providing the Improvements, and the purposes for which the EIC was created and the 4B Sales Tax was authorized, the City Council and Board have determined that the most cost effective and beneficial

arrangement would be for the City to issue certificates of obligation secured in part from the City's ad valorem tax taxing authority with the understanding and agreement that the EIC would pay the costs of such Improvements as described below by remitting to the City from the receipts from the 4B Sales Tax amounts equal to the principal of and interest on the obligations issued by the City to finance the costs of such Improvements as such principal and interest becomes due and payable; and

WHEREAS, the City Council and the Board find it necessary and advisable to enter into this Agreement with respect to the Improvements in accordance Section 501.054 of the Act to set forth the duties and responsibilities of the respective parties for the funding, development, and construction of the Improvements; and

WHEREAS, the Board and the City Council find that the Improvements constitute a "project", as authorized and defined by Section 505.152 of the Act, which will greatly enhance both the community's health and "quality of life" by developing amenities and public space improvements; and

WHEREAS, the Board finds that this grant complies with the Act and is in keeping with the mission of EIC and the *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, the Board and the City Council find that it is in the public interest to enter into this Agreement to provide 4B Sales Tax to City for the Improvements; and

WHEREAS, on December 17, 2014, 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 expenditures of 4B Sale Tax for the Improvements;

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

1. **Findings**. The facts and findings set forth in the preamble above are hereby found to be true and correct and are adopted.
2. **"Project" Defined**. When used in this Agreement, the phrase "Project" means the project summary of the Improvements as described in **Exhibit A** attached hereto and included herein for all purposes. Said description shall not be substantively altered in any respect without the prior approval of the EIC.
3. **Financing of Improvements**. The parties agree that the City's cost of financing, acquiring, and constructing the Improvements is estimated at an amount which will not exceed \$9,000,000.00 (collectively referred to herein as the "Costs"). The Costs will be paid from the proceeds of the certificates of obligation (the "Certificates of Obligation") to be issued and sold by City under and pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended (also known as the "Certificate of Obligation Act of 1971"). The City intends to issue and sell the Certificates of Obligation in one offering, such offering being held on or before 2015. The offering will be for \$9,000,000.00.

4. **Obligation of the EIC.**

(a) EIC pledges and agrees to pay City 100% of the debt service for the Certificates of Obligation currently scheduled to be issued in the total amount of \$9,000,000.00, with such payments being subject to EIC's annual budgeting and appropriations. The amounts currently expected to be paid by EIC are set forth in **Exhibit B** ("Payment Schedule") attached hereto and included herein for all purposes and are presented as an estimate of the yearly debt payment. Upon a firm delivery date being established for the issuance of the Certificates of Obligation, City agrees to notify EIC of such date and confirm in writing such delivery date. Following the delivery of the Certificates of Obligation, City shall furnish EIC with an updated Payment Schedule, showing the final, actual payments to be made by EIC to City in accordance with this Agreement. Such amounts shall be considered acceptable by EIC without the necessity of obtaining further approval from the Board. EIC shall make each payment to the City at least thirty (30) days prior to each scheduled debt service payment date specified by the Payment Schedule.

(b) EIC agrees that City shall be entitled to a first claim on and right to the amounts budgeted each year by EIC for the payment of debt service on the Certificates of Obligation; provided, however, that, EIC's obligation to make the payments due hereunder shall be subordinate to the payment of debt service payments and reserves required in connection with any bonds or other obligations heretofore or hereafter issued by EIC under the Act; and further provided that with the approval of the City Council, the Board may issue or incur other obligations secured by and payable from a superior lien on and pledge of the 4B Sales Tax superior to its obligations hereunder.

5. **Construction Contracts; Ownership of Improvements.**

(a) City has or will enter into a separate agreement with a private foundation ("Foundation Agreement") whereby the foundation, who currently owns the property upon which the Improvements will be constructed, will develop and construct the Improvements. Following construction of the Improvements in accordance with the Foundation Agreement, the City will accept ownership of the Improvements and land upon which the Improvements were built, and thereafter operate and maintain the Improvements, to include operation and maintenance by private third parties hired by City for such purposes. EIC shall have no liability with respect to the acquisition, construction, maintenance, and operation of the Improvements or the Certificates of Obligation other than to make the payments to the City herein contemplated from EIC's receipt of the 4B Sales Tax.

(b) City will provide reports to EIC at each of its meetings with respect to the funding, design, acquisition, and construction of the Improvements.

6. **Financing of the Improvements, Construction, and Completion.** City agrees that upon receipt of the proceeds of sale of the Certificates of Obligation it will take all actions within its power and control to proceed with due diligence with the development and construction of the Improvements. City does not anticipate delays in the development and construction of the Improvements and EIC shall not be liable for any damages caused by any delays in completion of the Improvements or any additional costs in reference to the Improvements.

7. **Force Majeure.** If by reason of Force Majeure either party shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as used herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the government regarding landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. It is specifically excepted and provided, however, that in no event shall any Force Majeure relieve City of its obligation to transfer 4B Sales Tax to EIC as required under the Act.

8. **Regulatory Bodies.** This Agreement shall be subject to all valid rules, regulations, and laws applicable thereto passed or promulgated by the United States of America, the State of Texas, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

9. **Counterparts.** This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

10. **Applicable Law:** This Agreement shall be 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 shall be 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:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

ATTEST:

Polly Rickert, Secretary for the Corporation

Agenda Item:

4B. Funding Agreement between the City of Kerrville Economic Improvement Corporation and James Avery Craftsman, Inc. in an amount not to exceed \$1,219,000.00. (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, Economic Improvement Corporation and James Avery Craftsman in an amount not to exceed \$1,219,000

FOR AGENDA OF: December 17, 2014 **DATE SUBMITTED:** December 12, 2014

SUBMITTED BY: Ashlea Boyle *AB* **CLEARANCES:** Todd Parton
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:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

A business development funding application was received from James Avery Craftsman, Inc. (JAC) in the amount of \$1,219,000. JAC will be expanding its facilities by building a new, larger manufacturing plant on property located south of the Kerrville-Kerr County Joint Airport. The expansion will consolidate and expand facilities currently located in multiple buildings and running at maximum capacity off of Avery Road. This expansion will create a total of 359 new jobs over a six year time frame with average wages of \$15.69 and average production wages of \$11.20 per hour.

The project will include a new production facility, necessary drainage work and site landscaping, and a deceleration lane into the entrance to the 29-acre tract to comply with Texas Department of Transportation regulations. The total expansion cost is estimated to be \$14.95 million including land development and additional equipment. Additionally, JAC will construct a 53,000+ square foot building for manufacturing, engraving, product care, waste water treatment, break room, restrooms, and offices. This addition is estimated at \$7.8 million with an additional \$1.6 million in site improvements. Fixed equipment associated with the project is estimated at \$4 million.

The "GO Team" evaluated this application from an economic perspective and found that it is feasible in that the project qualifies for funding and is a quality business development project. A copy of the complete funding application was made available to the EIC Board for executive session deliberations.

On October 27, 2014, the EIC considered the funding request from JAC in an amount not to exceed \$1,219,000 million. As per direction, attached is a draft funding agreement between JAC and the EIC. If approved, this funding agreement will be presented to City Council on January 13, 2015 for final consideration and approval.

RECOMMENDED ACTION

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

DRAFT 12/16/14

ECONOMIC DEVELOPMENT GRANT AGREEMENT
BETWEEN JAMES AVERY CRAFTSMAN, INC. AND
THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION

This Economic Development Grant Agreement (“Agreement”) is entered into as of the Effective Date by and between **JAMES AVERY CRAFTSMAN, INC.** (“Company”), a Texas corporation, acting herein by and through its duly authorized Chief Executive Officer, Chris Avery, 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. Company and EIC are sometimes collectively referred to herein as “Parties” and individually as “Party”.

WITNESSETH:

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 including:

Land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are for the creation or retention of primary jobs, as that term is defined by the Act, and found by the EIC to be required or suitable for the development, retention, or expansion of manufacturing and industrial facilities as provided by Section 501.101 of the Act; and

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

WHEREAS, Company, whose headquarters is in Kerrville, Texas, designs, manufactures, and sells through its website, catalogue, call-center, and retail outlets throughout the country a line of fine jewelry; and

WHEREAS, Company owns Land (as defined below) which is located in Kerr County, Texas, adjacent to City’s incorporated limits and within City’s extra-territorial jurisdiction, and for which Company has petitioned City for annexation into City’s incorporated limits; and

WHEREAS, Company desires to construct the Improvements (as defined below) on the Land in order to both consolidate and expand Company’s manufacturing operations; and

WHEREAS, Company has advised City that a contributing factor that would induce Company to develop the Land and construct the Improvements would be an agreement by EIC to provide economic development grants to Company to defray a portion of the costs of the

DRAFT 12/16/14

construction of the Improvements; and

WHEREAS, Company is expected to initially invest over Fourteen Million Dollars (\$14,000,000.00) in the Property; and

WHEREAS, Company intends to initially relocate or create, fill and maintain, on an annual basis, at least one hundred thirty-four (134) full time employment positions with the objective of later increasing the number of full time employment positions to more than three hundred fifty (350) employees, all to be located within the City; 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 help develop, retain, and expand a manufacturing and industrial facility and a business enterprise and create and retain primary jobs; and

WHEREAS, based upon the terms of this Agreement, EIC believes that a return on its investment will occur within the next ten (10) years; and

WHEREAS, EIC finds that it will be in the public interest to enter into an agreement with Company to provide a grant of 4B Revenues (as defined below) to Company for its cost necessary for the construction of the Improvements; and

WHEREAS, on December 17, 2014, 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, Company and EIC agree as follows:

Article I Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“4B Revenues” means the \$0.50 local sales and use tax collected by EIC pursuant to the Act.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person.

DRAFT 12/16/14

“Bankruptcy or Insolvency” means the dissolution or termination of a Party’s existence as a going business, insolvency, appointment of receiver for any part of such Party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Commencement of Construction” means that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the Improvements on the Land; (ii) all necessary permits for the construction of the Improvements on the Land pursuant to the plans have been issued by all applicable governmental authorities; and (iii) grading of the Land and construction of the vertical elements of the Improvements have begun.

“Completion of Construction” means the date (i) the Improvements have been substantially completed and (ii) a certificate of occupancy has been issued by City for Company’s occupancy of the Improvements.

“Control,” or any derivation thereof, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, by contract or otherwise.

“Employment Period” means each full calendar year after Completion of Construction.

“Force Majeure” means any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or inaction (unless caused by the intentionally wrongful acts or omissions of the Party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns or work stoppages.

“Full-Time Position” means a position eligible for employee benefits at which an individual is scheduled to work at least 2080 hours in a twelve month period during the Grant Period for the Company either as an employee or under contract and who, before deducting employee contributions to employee benefits, FICA, Federal payroll tax withholding, retirement plans and other voluntary and involuntary deductions commonly deducted from employee wages prior to payment of the wages to the person, is paid a wage of (i) if paid on an hourly basis, not less than \$11.20 per hour or (ii) if salaried, paid an annualized salary which, when divided by 2080, equates to not less than \$11.20 per hour, and in each instance, where the \$11.20 per hour does not include the value of employee benefits. For purposes of the definition of “Full-Time Position,” employer contributions to FICA, retirement plans, group health, dental, or life insurance premiums, or other employer funded benefits shall not be included in determining a workers hourly wage or salary. Such term does not include part-time or seasonal positions.

DRAFT 12/16/14

“Grant” means the amount of One Million Two Hundred Nineteen Thousand and No/100 Dollars (\$1,219,000.00) paid by EIC to Company in installments as provided in this Agreement.

“Impositions” means all ad valorem and property taxes, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Company or an Affiliate or any property or any business owned by Company or an Affiliate within City, and any Texas state or local sales and use taxes.

“Improvements” means a building to be constructed on the Land containing approximately 53,000 square feet of space for manufacturing, engraving, product care, and employee work and office space, together with other ancillary facilities, parking, and landscaping, as more fully described in the submittals filed with City, from time to time, in order to obtain one or more building permits.

“Land” means the real property described in **Exhibit A**.

“New Full-Time Positions” means Full-Time Positions created and filled by Company employees working at one of Company’s business locations within the City after the Effective Date as opposed to existing Full-Time Positions filled by Company employees working at one of Company’s business locations within the City as of the Effective Date, which is agreed to be .

“Payment Request” means a written request from Company to City for payment of an installment of the Grant accompanied the information set forth in Section 3.1.

“Person” means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other entity.

“Project” means the design and construction of the Improvements, including costs related to site development with utilities, landscaping, parking, and other associated improvements, and the purchase and installation of manufacturing equipment and other personal property reasonable and necessary for the operation of Company’s manufacturing and distribution facility at the Land.

“Property” means, collectively, the Improvements and the Land.

“Related Agreement” means that certain Economic Development Incentive Agreement between City and Company, dated as of approximate date herewith.

“Required Use” means Company’s continuous operation of the Improvements as a distribution or manufacturing facility on the Property.

DRAFT 12/16/14

Article II Term

2.1. Effective Date and Termination. Subject to approval by City's City Council and, if applicable, compliance with Section 505.160 of the Act, the term of this Agreement (the "Term") commences on January 14, 2015 (the "Effective Date"), and terminates on the earlier of:

- (a) January 13, 2021;
- (b) when terminated by mutual agreement of the Parties;
- (c) if Commencement of Construction does not occur by the date set forth in Section 4.4; and EIC elects to terminate this Agreement by providing notice to Company before Commencement of Construction actually occurs;
- (d) if Completion of Construction does not occur by the date set forth in Section 4.4; and EIC elects to terminate this Agreement by providing notice to Company before Completion of Construction actually occurs;
- (e) when terminated pursuant to Articles VIII or IX;
- (f) at Company's sole and absolute discretion, upon Company's return of the Grant to EIC; or
- (g) upon Company's repayment of all monies that are demanded by EIC and are in fact required to be repaid by Company under Article IV.

2.2 Rights upon Termination. Upon termination of this Agreement, all rights, duties, and obligations of any kind under this Agreement will automatically expire and terminate and be of no other force and effect except to the extent such obligations expressly survive the termination of this Agreement.

Article III 4B Revenue Grant

3.1 Payment of Grant. Subject to the obligation of Company to repay the Grant pursuant to Section 4.5 or other provisions of this Agreement, and the continued satisfaction of all the terms and conditions of this Agreement by Company, EIC agrees to provide Company with the Grant payable in two equal installments of Six Hundred Nine Thousand Five Hundred and No/100 Dollars \$609,500.00 each, as follows:

- (a) The first installment of the Grant shall be paid to Company not later than thirty (30) days after Commencement of Construction of the Improvements and delivery

DRAFT 12/16/14

to EIC of a request for payment of said installment accompanied by (i) appropriate evidence of the date of Commencement of Construction; and (ii) documentation that Company has incurred, or contractually obligated itself to incur, not less than \$609,500.00 related to design and construction of the Project; and

(b) The second installment of the Grant shall be paid not later than thirty (30) days after Completion of Construction of the Improvements and delivery to EIC of a request for payment of said installment accompanied by (i) appropriate evidence of the date of Completion of Construction; (ii) documentation that Company has incurred not less than \$1,219,000.00 related to design and construction of the Project; and (iii) the documentation required by Section 4.5(b) necessary to establish that Company has complied with the provisions of Section 4.5(a) regarding the creation and filling of New Full-Time Positions by the thirtieth (30th) day following Completion of Construction. In the event Company has failed to comply with Section 4.5(a) with respect to the number of New Full-Time Positions which are to have been created by the thirtieth (30th) day following Completion of Construction, the amount of the second installment of the Grant, and the Grant itself, shall be reduced as calculated pursuant to Section 4.5(c) as if a refund of the Grant were due.

3.2 Grant Limitations. Under no circumstances shall the obligations of EIC hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, EIC shall not be obligated to pay any commercial bank, lender, or similar institution for any loan or credit agreement made by Company. None of the obligations of EIC under this Agreement may be pledged or otherwise encumbered by Company in favor of any commercial lender and/or similar financial institution.

3.3 Current Revenue. The Grant will be paid solely from lawfully available funds that have been appropriated by EIC. EIC shall have no obligation or liability to pay any installment of the Grant except as allowed by law. EIC shall not be required to pay any installment of the Grant if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

3.4 Grant Limited to "Costs". Payments made by EIC to Company from 4B Revenues will be limited to the payments of "costs" as defined by the Act and as specified above for the Project; provided, however, for purposes of this Agreement, "costs" do not include funds spent by Company relating to the purchase of the Property or interest or other fees paid by Company related to borrowing funds for the purpose of paying for the Project.

Article IV Conditions to the Economic Development Grant

4.1 Generally. The obligation of EIC to provide the Grant, and the right of Company to retain the Grant without an obligation to repay all or any portion of the Grant to EIC, shall be

DRAFT 12/16/14

conditioned upon continued compliance with, and satisfaction of each of the terms and conditions of this Agreement by Company, and, specifically, each of the conditions set forth in this Article IV.

4.2 Good Standing. Company shall not have an incurred a breach or default of this Agreement or any Related Agreement beyond any applicable notice and cure period.

4.3 Required Use. Commencing on the Completion of Construction and continuing thereafter until the termination of this Agreement, the Improvements shall not be used for any purpose other than the Required Use, and the operation and occupancy of the Improvements in conformance with the Required Use shall not cease for more than six (6) months, except in connection with and to the extent of an event of Force Majeure.

4.4 Commencement and Completion of Construction. Subject to events of Force Majeure, Commencement of Construction of the Improvements shall commence not later than [REDACTED]. Subject to events of Force Majeure, Completion of Construction of the Improvements shall occur not later than December 31, 2016.

4.5 New Full-Time Positions.

(a) After the Effective Date, but in no case later than the thirtieth (30th) day after Completion of Construction, Company shall create and fill no fewer than seventy-two (72) New Full-Time Positions within the City. Commencing with calendar year 2017 and each calendar year thereafter through the end of the Term, the total number of New Full-Time Positions created and filled by Company at any of Company's business locations within the City since the Effective Date during the specified calendar year shall be as follows:

Calendar Year	Minimum No. Total New Full-Time Positions by During Calendar Year
2017	134
2018	191
2019	252
2020	306
2021	359

The number of New Full-Time Positions for a calendar year shall be based on a weekly average of the number of people working in New Full-Time Positions within the City for the full work week during each calendar week during the calendar year. For purposes of this calculation, a person employed in a New Full-Time Position who is not working within the City because the person is on any type of excused paid leave (e.g., vacation, sick leave, paid family leave, etc.), or is on an unpaid leave pursuant to the Family Medical Leave Act or other federal or state law which requires Company to retain the person as an employee while absent from work, will be included in the weekly count of Full-Time Position.

DRAFT 12/16/14

(b) Not later than February 1 following the end of each calendar year identified in Section 4.5(a), above, Company shall deliver to EIC copies of employment records, Texas Workforce Commission reports, or other documentation as is reasonably required by EIC to demonstrate Company's compliance with the required number of New Full-Time Positions required by Section 4.5(a) along with a sworn statement from the an authorized officer of Company, confirming Company's compliance with Section 4.5(a). Company's failure to provide the information required by this Section 4.5(b) constitutes a breach of this Agreement.

(c) If Company fails to establish that it has filled the required number of New Full-Time Positions as required by Section 4.5(a) for a calendar year, not later than thirty (30) days after delivery of written demand from EIC, Company shall repay to EIC a portion of the Grant in an amount equal to (i) \$3,395.54 times (ii) a number equal to the minimum number of New Full-Time Position required by Section 4.5(a) less the actual number of New Full-Time Positions working in the City each day the subject calendar year. For example, if as of December 31, 2017, Company has created and filled only 120 New Full-Time Positions in the City since the Effective Date, then, upon written demand from EIC, Company shall refund to EIC the amount of the Grant equal to \$3,395.54 multiplied by 14 (i.e. 134 less 120), or \$47,537.56.

(d) In no case shall Company be required by operation of Section 4.5(c) to pay EIC more than the amount of the Grant except where Company fails to refund the amounts due in a timely manner. Any amounts not refunded by Company to EIC within thirty (30) days after the date of delivery of the demand for refund shall bear interest at the maximum rate allowed by law. EIC shall further be entitled to costs and reasonable attorneys fees if EIC institutes any action to collect the amounts due under this Section 4.5.

4.6 Records. Company shall keep and maintain complete and accurate records relating to its costs of designing and constructing the Project and employment information related to New Full-Time Positions, 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 Company's records during the term of this Agreement and for three (3) years thereafter, upon reasonable notice at Company's offices in Kerrville, Texas.

Article V

Sale of Project, Merger or Consolidation of Company

5.1 Sale of Company Assets. A sale of all or any of the assets of Company shall not release Company 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 Company's proposed successor shall have the financial condition to fully satisfy Company's duties and responsibilities hereunder and agrees to assume Company's responsibilities under this Agreement. EIC may, in its sole discretion, reasonably determine whether such proposed successor's financial condition is satisfactory.

DRAFT 12/16/14

5.2 Merger. In the event of any proposed merger or other consolidation of Company with any third party not affiliated with Company, not later than thirty (30) days prior to any such merger or consolidation, Company shall provide EIC with information and assurance reasonably acceptable to EIC regarding: (i) the surviving entity's assumption and satisfaction of the Company's obligations hereunder and (ii) the financial condition of the surviving entity upon such merger or other consolidation to demonstrate that the surviving entity shall have the financial condition to fully satisfy Company's duties and responsibilities under this Agreement.

5.3 EIC Rights. 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 Company. In the event of any sale or merger involving Company or its affiliates, the surviving entity shall assume Company's obligations and rights hereunder and be entitled to any and all benefits to be received pursuant to this Agreement.

Article VI Company's Representations and Warranties

Company represents and warrants as of the date hereof:

(a) Company is a Texas corporation existing in good standing and authorized to do business in the State of Texas;

(b) Execution of this Agreement has been duly authorized by Company and this Agreement is not in contravention of Company's corporate charter, or any agreement or instrument to which Company is a party or by which it may be bound as of the date hereof;

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

(d) No written application, written statement, or correspondence submitted by Company to EIC in connection with this Agreement, or in connection with any transaction contemplated hereby, to the knowledge of Company, 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.

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

DRAFT 12/16/14

Article VII EIC'S Representations and Warranties

EIC represents and warrants as of the date hereof:

(a) 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;

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

(c) 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

(d) 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.

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

Article VIII Conditions Under Which EIC May Suspend Performance of Its Obligations Under This Agreement

EIC may, at its sole option and after fifteen (15) days written notice to Company, suspend EIC's performance under this Agreement until such time as Company shall have cured the condition(s) and so notified EIC, in writing, that the condition(s) have been cured:

(a) Company becomes insolvent;

(b) The appointment of a receiver of Company, or of all or any substantial part of the Property, and the failure of such receiver to be discharged within sixty (60) days thereafter;

(c) The adjudication of Company as bankrupt; or

(d) The filing by Company 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.

Should any of the foregoing conditions not be cured by Company within ninety (90) days after the onset of the condition, Company will be considered to have breached this Agreement and

DRAFT 12/16/14

EIC may, at its option, with written notice to Company, terminate this Agreement and Company shall be obligated to refund the Grant to EIC.

Article IX Remedies

9.1 Notice and Opportunity to Cure. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, by any Party, or any successor to such Party, such defaulting or breaching Party (or successor) shall upon written notice from the other, 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, enforcement by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the project in accordance with this Agreement, as required by the Act. This provision and specifically the notice and time to cure shall not apply to the obligation of Company found within Article IV.

9.2 Termination. Upon breach of this Agreement by either Party and the failure to cure as permitted by Section 9.1, 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 no Party hereunder shall be entitled to recover any amounts in excess of the Grant contracted for under this Agreement.

9.3 Delay Not Waiver. Any delay by any Party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not, so long as the breach or default by another Party shall be continuing, operate as a waiver of such rights or to deprive it of or limit such rights in any way; nor shall 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 X General Provisions

10.1 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 shall 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.

DRAFT 12/16/14

10.2 Amendment. This Agreement may be amended only by written amendment signed by both Parties.

10.3 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 shall lie in a state court of competent jurisdiction in Kerr County, Texas; and this Agreement shall be governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.

10.4 Notices. All notices given with respect to this Agreement shall be in writing and shall be deemed to have been properly given for all purposes (i) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (ii) if personally delivered, on the actual date of delivery, or (iii) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the fifth business day following the date of mailing, or (iv) if sent by facsimile, then on the actual date of delivery (as evidenced by a facsimile confirmation) provided that a copy of the facsimile and confirmation is also sent by regular U.S. Mail, addressed as follows:

For EIC

President

City of Kerrville, Texas, Economic Improvement Corporation

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 Company

James Avery Craftsman, Inc.

Chris Avery, President/CEO

James Avery Craftsman, Inc.

P.O. Box 291367

Kerrville, Texas 78029-1367

10.5 Assignment. This Agreement is binding upon the Parties and their successors and assigns. Except as set forth in Article III, this Agreement may not be assigned by either Party

DRAFT 12/16/14

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, the assigning Party shall be relieved of any and all obligations and liabilities on the part of such assigning Party under this Agreement. Company may, without written consent of EIC, assign this Agreement to any entity controlled and 100% owned by Company or by the parent, subsidiary, or affiliate of Company provided the entity assumes all of Company'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 Company and Company 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.

10.6 Parties In Interest. Nothing in this Agreement shall entitle any party other than Company or EIC to any claim, cause of action, remedy or right of any kind except as expressly provided in Article IV.

10.7 Interpretation. Each Party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the Parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any Party.

10.8 No Joint Venture. Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties.

10.9 Survival of Terms. All rights, duties, liabilities and obligations accrued prior to termination shall survive termination.

10.10 Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof.

10.11 Recitals. The recitals to this Agreement are incorporated herein.

10.12 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

10.13 Employment of Undocumented Workers. During the term of this Agreement, Company agrees not to knowingly employ any undocumented workers, and if convicted of a violation under 8 U.S.C. Section 1324a (f), Company shall repay the Grant herein and any other funds received by Company from EIC as of the date of such violation within 120 days after the date Company is notified by EIC of such violation, plus interest at the rate of 6% compounded

DRAFT 12/16/14

annually from the date of violation until paid. Company is not liable for a violation of this Section by a subsidiary, Affiliate, or franchisees of Company or by a person with whom Company contracts, or any other Person other than Company.

(Signature Page to Follow)

DRAFT 12/16/14

SIGNED AND AGREED on this _____ day of _____, 201__.

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

By: _____
David Wampler, President

Attest:

By: _____
Cheryl Brown, Recording Secretary

Approved as to Form:

By: _____
Michael C. Hayes, Attorney for EIC

SIGNED AND AGREED on this _____ day of _____, 201__.

JAMES AVERY CRAFTSMAN, INC.

By: _____
Chris Avery, President and CEO

D R A F T 12/16/14

EXHIBIT A

LEGAL DESCRIPTION OF LAND



James Avery

P.O. Box 291367 | Kerrville, Texas 78029-1367 | T 830 895 1122

EXHIBIT "A"

October 20, 2014

Jonas Titas
Kerrville Economic Development Corporation
1700 Sidney Baker
Kerrville, Texas 78028

Mr. Titas,

We appreciate the opportunity to present this application to the Kerrville Economic Development Corporation. James Avery Craftsman, Inc. (James Avery Jewelry® or JAC) will be expanding its facilities by building a new, larger manufacturing plant on property located south of the Kerrville Airport in Kerr County. This expansion will consolidate and expand facilities currently located in multiple buildings and running at maximum capacity at 145 Avery Road, Kerrville, TX. This expansion will allow our business to continue to grow, significantly increase manufacturing and support staff, and increase the number of vendors and contractors that do business with JAC here in Kerrville.

Please let us know if there is any additional information or questions that you may have regarding this application. You may contact Paul Zipp at paul.zipp@jamesavery.com or by phone at 214-878-0870, (office) 830-895-6816.

Thank you for your time and consideration.

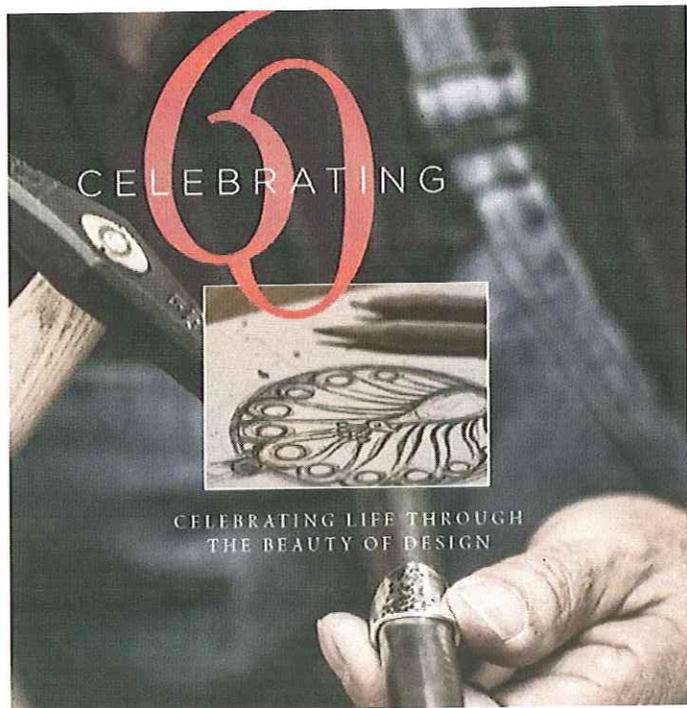
Chris Avery
James Avery Craftsman, Inc.
President and CEO

Kerr County Application

History of Operations in Kerr County

Established in 1954 in Kerrville, Texas, JAC has grown over the last 60 years from a one-man endeavor in a garage, into a team of almost 2,000 employees. JAC is headquartered in Kerrville and is vertically integrated, meaning the company designs, manufactures, and markets its own products. Designs for JAC jewelry originate in the corporate design studio and are produced by craftsmen in the company's five manufacturing facilities located throughout the Texas Hill Country.

JAC is a privately held family business offering a unique proprietary product line that is primarily focused on occasion, meaning, and connection. JAC is widely recognized for its traditional and faith-inspired collections, contemporary new designs, and its extensive offering of keepsake charms. JAC has a diverse selection of bracelets, earrings, necklaces, pendants, and rings crafted in sterling silver, 14K gold, and gemstones for women and men of all ages.



Our Mission is *"To Celebrate Life Through the Beauty of Design."*

One man's dream has ignited the passion of an extended team who believes in a well-crafted product, a strong set of values, and a commitment to doing all things well. Today, JAC has five manufacturing facilities located in Hondo, Fredericksburg,

Kerrville, and two in Comfort, Texas. The company operates 70 stores regionally in 10 states including: Alabama, Arkansas, Georgia, Kansas, Louisiana, Missouri, North Carolina, Oklahoma, Tennessee and Texas.



JAC sales have been steadily increasing through-out these past 60 years. Additionally, JAC recently entered into a wholesale marketing arrangement with Dillard's Department Stores (Dillard's), thereby expanding our distribution channels significantly. Dillard's began selling JAC in 43 of its stores in October 2014 with more store likely to be added over the next few years. To learn more about JAC visit: <http://www.jamesavery.com/custserv/custserv.jsp?pageName=Press>.

These expanded distribution efforts along with our significant, organic growth in our 70 retail stores, e-commerce website, catalog sales and wholesale require JAC to examine its manufacturing and production capacity and proceed with a commitment to build a significantly larger, more efficient manufacturing plant.

Current Employment

Companywide, JAC currently employs 1,056 full-time employees, 685 part-time employees, and ramps up to add over 2,000 seasonal employees (retail/direct sales, distribution, and engraving), with a few contract-based employees.

Current Payroll

The current payroll total for employees with JAC is \$5,288,109 per month, including profit sharing. Approximately, \$2,150,000 per month, or 40%, is paid to Kerrville-based employees.

Capital Investments to-date

During its most recent fiscal year, JAC made capital expenditures totaling \$4.2 million in Kerrville/Kerr County. Additionally, JAC is in the process of completing a \$2.2 million building that will include a new Visitor's Center and the Kerrville Retail Store and a \$775,000 expansion of its Human Resource offices at its headquarters on Harper Road. Once complete, JAC plans to repurpose the existing production facilities at its Harper Road campus to accommodate growth and increases to corporate and support functions.

Description of project explaining nature and scope of project

The project will include: a new production facility; any necessary drainage work and site landscaping; and a deceleration lane into the entrance to the 29-acre tract to comply with Texas Department of Transportation regulations. Current manufacturing operations located at the corporate headquarters on Harper Road will move to the new facility.

Description of proposed site and building improvements

The total expansion cost is estimated to be \$14.3 million, including land and development and additional equipment. **Attachment A** includes the rough sketch and architectural renderings of the planned facilities. In addition to the acquisition of the 29+ acre site, JAC will construct the 53,000+ square foot Kerrville Craftsman Center, approximately the size of a full football field, with a definitive Texas Hill Country architecture at an estimated cost of \$7.8 million to include space for the manufacturing work-stations, the Engraving Department, the Product Care Department, waste water treatment, lunchroom/break room, restrooms, and managers' offices. The site will also include improvements for drainage, walking path down by the Guadalupe River, a new property entrance way, landscaping, parking lots, and private roads at an estimated cost \$1.92 million.

Fixed equipment associated with project

The following equipment, requiring an estimated investment of \$3.4 million, will be

associated with the project:

- Manufacturing equipment (polishing engraving, welding) \$2.16 million
- Manufacturing fixtures/benches \$139,000
- Dust Collection System \$1.1 million

Square feet constructed

Manufacturing and Production Facility: 45,075 square feet
Covered Areas & Water Treatment: 8,530 square feet

JAC expects to add a 2,000 Kva transformer with service in a range of 2,500-3,000 amps and 480-Volt 3-phase by the electrical provider.

Number of jobs created with project

JAC plans to add 359 incremental jobs at the new Kerrville Craftsman Center over a 6 year time frame:

- 72 by 12 months from Completion of the Project
- 134 by 24 months from Completion of the Project
- 191 by 36 months from Completion of the Project
- 252 by 48 months from Completion of the Project
- 306 by 60 months from Completion of the Project
- 359 by 72 months from Completion of the Project

The hiring figures above are spread over 6 years to reflect expected labor availability within driving distance to Kerrville.

Financial Information

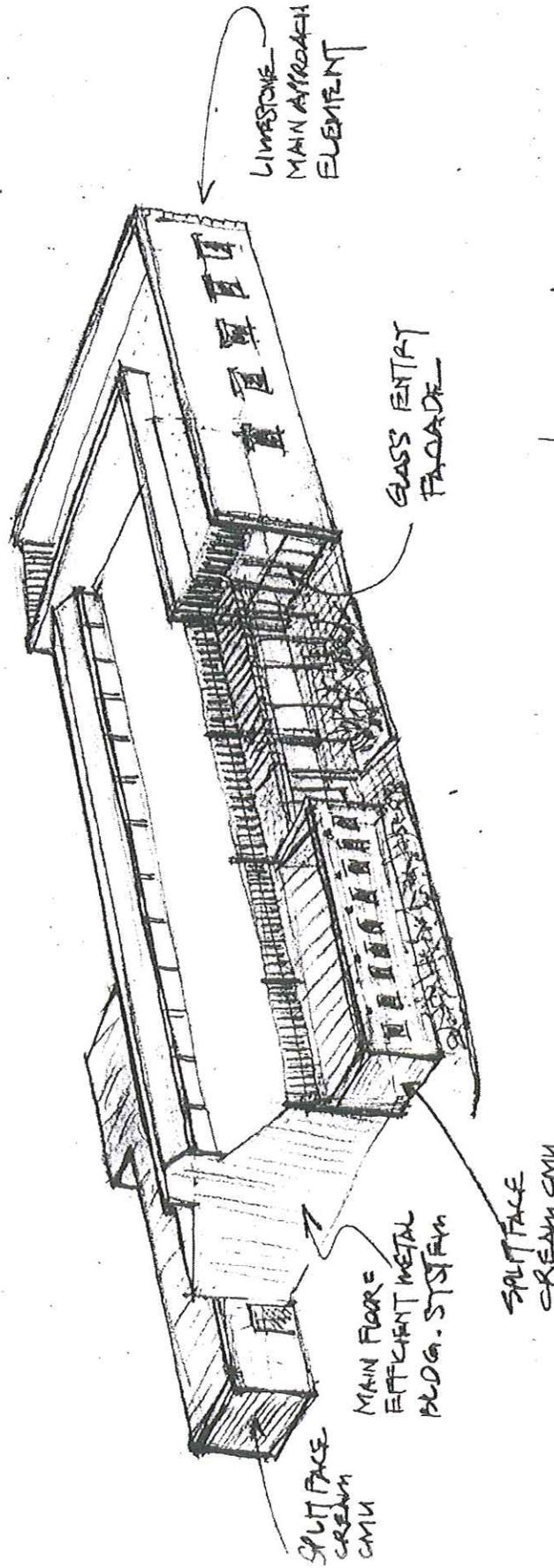
The Financial Information provided is all designated CONFIDENTIAL and PROPRIETARY information and intended solely for the viewing of the Kerrville Economic Development Corporation and the Kerrville City Council. This information is not intended to be or become a matter of public record. Any dissemination, copying or use of this information by or to anyone other than the designated and intended recipient is unauthorized and strictly prohibited.

See **Attachment B**. JAC has provided its Financial Statements for the past two fiscal years (Balance Sheet, Income Statement, Statement of Cash Flow), related federal tax return for Fiscal 2013 as well as its Fiscal 2015 Budget (Balance Sheet, Income Statement). Fiscal 2014 tax returns will be available in the coming weeks and can be provided at that time, if necessary.

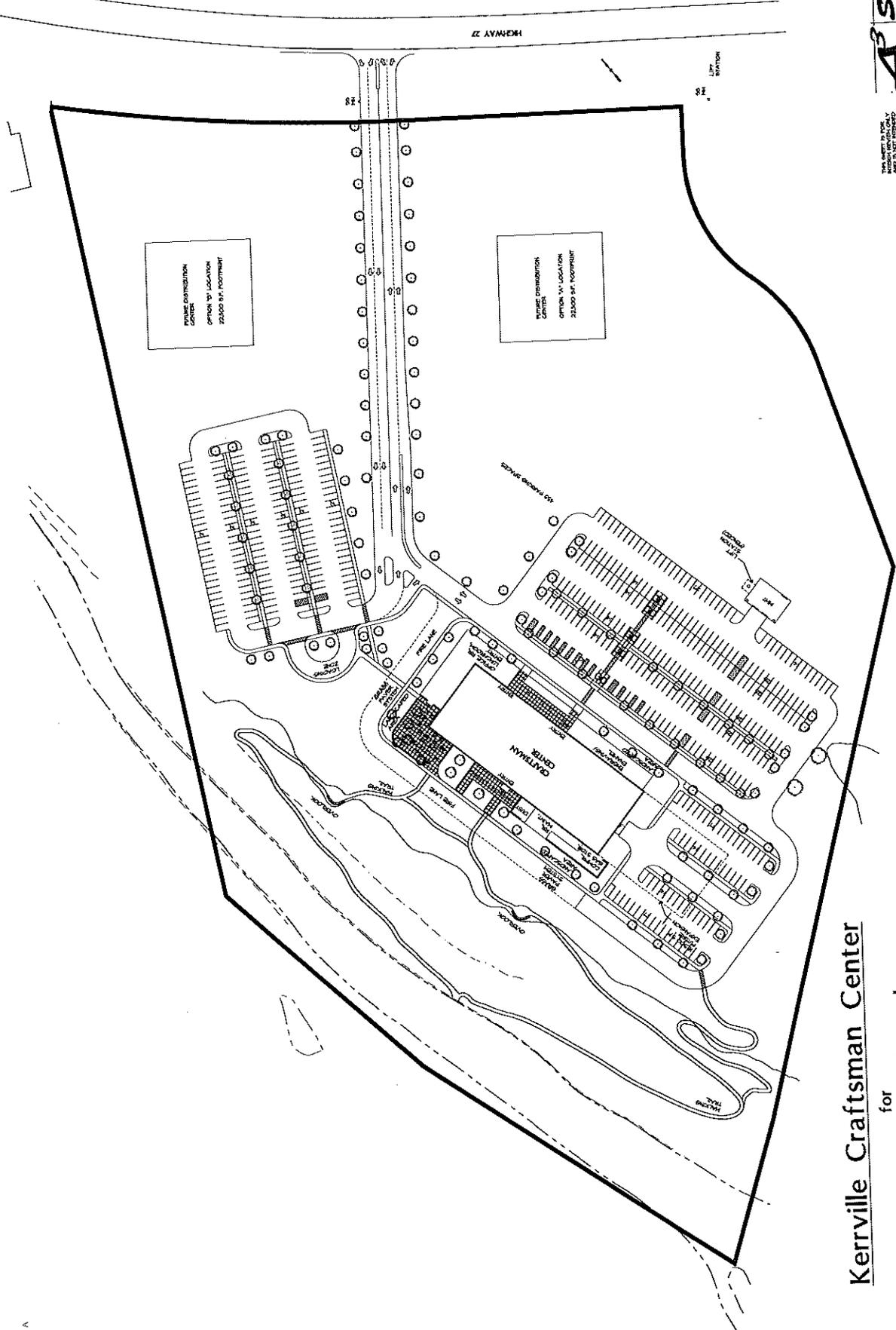
Financial Highlights (rounded)

Fiscal 2015 Budgeted Annual Sales \$201,300,000

Fiscal 2014 Local Sales	\$17,796,000
Fiscal 2014 Charitable Giving	\$1,445,000
Calendar 2013 Local Property Taxes	\$359,000
Calendar 2013 Local Sales Taxes	\$417,000



JAMES AVERY KCC
 KERRVILLE CRAFT CENTER
 SCHEMATIC - BUDG. MASS STUDY
 DATE: 10.7.14



A Studio
ARCHITECTURE
 1000 W. 10TH ST. SUITE 100
 KERRVILLE, TEXAS 78601
 TEL: (817) 894-1111
 FAX: (817) 894-1112

Kerrville Craftsman Center
 for
James Avery Jewelry
 Site IB
 Kerrville, Texas
 Highway 271 Airport Site



1 SITE PLAN
 Scale: 1"=40'

Benefit Program Highlight Summary

Health Plan Benefits: *All full-time, regular employees after the completion of a two calendar month waiting period.*

- **Medical (Boon Chapman & Aetna Network) and Rx (CVS Caremark)** - The company sponsors two comprehensive Medical and Rx plans for employees to choose from. Both plan options encourage in-network utilization as well as annual preventative exams. Under the Traditional PPO option, participants have copays for non-preventative office visits and prescription drugs and are required to satisfy an annual deductible before co-insurance amounts are applied. The Low Premium option is a qualified High Deductible Health Plan and participants must satisfy a combined medical and Rx deductible before co-insurance amounts are applied. Participants who enroll in the Low Premium option may be eligible to establish and contribute pre-tax dollars into a Health Savings Account (HSA). The company can also make contributions into this account on your behalf. Participants under both plan options can receive a 30 day supply of prescriptions drugs at retail stores or a 90 day supply of maintenance drugs by utilizing the mail order or CVS Retail Program. The prescription drug plan is designed to minimize participant out of pocket expenses when utilizing generic drugs and the mail order or the CVS Retail Program.
- **Vision (Boon Chapman & Aetna Network)** - Routine eye exams are covered every 12 month period. In addition, each participant receives \$300 towards the costs of materials such as frames, lenses and contacts.
- **Dental (Boon Chapman & DentalGuard Preferred Select Network)** - A dental plan that covers preventative services at 100%. Co-Insurance is applied to basic, major and orthodontia services and participants can choose to utilize network dentists with pre-negotiated discounts on services. The plan has an annual maximum benefit of \$1,500 while orthodontia has a lifetime maximum benefit of \$1,500.
- **Wellness Program** - The Company will pay employees and their spouse (if covered under the health plan) \$200 each once biometric screening and health risk assessment are completed. The biometric screening must be performed by an approved provider. In addition, the Company will reimburse up to 50% of gym memberships or weight watcher programs fees for employees and their covered spouse.
- **Employee Assistance Plan (UNUM)** - The Company has purchased this service to help employees achieve a work/life balance. The service includes counseling, referral service and web based tools for employees that are experiencing personal life events that cause stress.

Retirement Benefits: *Employees who have attained the age of 21 and have worked 1,000 hours in the first year of employment, or any calendar year thereafter.*

- **401k Plan (Wells Fargo)** - The Company has developed a 401k retirement plan where employees can elect pre-tax contributions. The Company will match 100% of the first three percent plus 50% on the next two percent the employee contributes. Both the employee and company contributions are immediately fully vested. Investment funds are available for employees to select and the contributed funds grow on a tax-deferred basis. The Company pays 100% of the day to day administrative costs. Employees may incur investment related fees depending on the funds that are selected and transactional fees for distributions.

Occupational Injury Benefits: *All employees.*

- **Occupational Injury Plan (Texas Employees)** - The Company has developed an occupational injury plan to protect employees income and help pay for medical expenses as a result of a job related injury.
- **State Workers Compensation Plan (Non-Texas Employees)** - Each state's program will vary. For specific state requirements, check the Worker's Compensation poster in your store.

Exempt Profit Sharing Bonus Program: All salaried employees who have maintained a regular status throughout the Fiscal Plan Year are eligible to participate in this program. Depending on financial performance for the Fiscal Plan Year, the Company will pay a profit sharing bonus to exempt employees.

Income Protection and Leave Time Benefits: *All full-time, regular employees. A two calendar month waiting period applies to several of the benefits below.*

- **Life and Accident (UNUM)** - The Company has purchased life insurance that will provide coverage for up to two times the annual base salary for employees. The Company has also purchased accident insurance that may provide an additional two times the annual base salary coverage for employees who sustain a loss due to an accident. For dependents of employees, the Company has purchased \$5,000 spouse and \$2,500 child life insurance coverages.
- **Voluntary Life Insurance (UNUM)** - Supplemental life & accident insurance may be purchased that is in addition to the paid basic life & accident insurance provided by James Avery. The coverage cost is based on your age and the amount of coverage you elect and the premium amount you pay will be deducted from your paycheck.
- **Short Term Disability** - For disabling events that are not as a result of a work related injury, the Company has created a short term disability plan to help maintain its employee's income while they are disabled. The Company will continue 80% of pre-disability weekly earnings for a maximum period of 90 days. Benefits will begin on the 8th consecutive calendar day following an illness related disability or will begin the following day after an accident has occurred.
- **Long Term Disability (UNUM)** - For qualifying events that exceed the short term disability duration, the Company has purchased Long Term Disability (LTD) insurance for employees. The LTD insurance will pay up to 60% of pre-disability earnings until the employee is no longer considered disabled or normal retirement age.
- **Sick Pay/Personal Time** - Depending on length of service, the company offers paid Sick Pay/Personal Time (SPPT) hours for employees on their first day of employment. SPPT hours are allotted each March 1st Fiscal year and can be used in one hour increments. At each Fiscal year end, hourly employees can choose to be paid on up to 40 unused SPPT hours at time and a half or have the unused SPPT hours moved to a rolling bank for future use. For salaried employees, up to 40 unused SPPT hours can be moved into a rolling bank for future use. At any Fiscal year start, the maximum amount of SPPT time in the rolling bank can not exceed 60 hours.

Additional Leave Time Benefits: *See specific leave benefit description for eligibility.*

- **Holidays** - Regular full-time and regular part-time employees are eligible to receive holiday pay according to the holiday schedule released each year by the Human Resources department.
- **Funeral Leave** - Regular full-time and part-time employees are eligible for one to three days of paid funeral leave in order to make personal arrangements due to a loss of a family member.
- **Jury Duty** - The Company strongly encourages its employees to perform this very important civic service. The Company will pay all employees' regular compensation for scheduled work hours up to a maximum of 15 workdays in a calendar year.
- **Unpaid Time Off** - Part-time employees are eligible to use unpaid time off for unexpected absences from work. The amount of time varies depending on regular or seasonal part-time status.
- **Additional Leave** - For leaves that do not qualify for Family Medical or Military, all employees may be eligible for up to 30 days of job protected leave. The company will evaluate the unpaid time off request based on the employee's circumstances and the business needs of the company.

Additional Benefits: *See specific program description for eligibility.*

- **Employee Discount Program** - The Company allows each employee and their eligible dependent relative to purchase certain merchandise at a discount from retail prices. Each employee and eligible dependent receives a discount card and is subject to a calendar year maximum.

The purpose of this document is to provide a summary level explanation of the benefits available to employees. For specific details, please refer to your employee handbook, personnel guidelines or summary plan descriptions.



James Avery
JEWELRY

EIC Addendum Information

Typical Titles for Planned Additional Staff:

- Manufacturing Technician
- Manufacturing Launch Technician
- Manufacturing Process Technician
- Manufacturing Quality Technician
- Employee Relations Representative
- Safety Coordinator
- Production Coordinator
- Production Clerk
- Site Admin
- Technical Maintenance Supervisor
- General Maintenance Technician
- Tech Maintenance Technician I
- Tech Maintenance Technician II
- Tech Maintenance Technician III
- Tech Maintenance Electrician
- Section Leader
- Production Manager
- Engraving Clerk
- Product Care Clerk
- Distribution Clerk I
- Distribution Clerk II
- Product Returns

Agenda Item:

5A. Amendment to the Funding Agreement between the City of Kerrville Economic Improvement Corporation and Habitat for Humanity. (staff)

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

SUBJECT: Amendment to the Habitat for Humanity Funding Agreement

FOR AGENDA OF: December 17, 2014 **DATE SUBMITTED:** December 12, 2014

SUBMITTED BY: Ashlea Boyle  **CLEARANCES:** Todd Parton
Special Projects Manager City Manager

EXHIBITS: Amended Funding Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Per direction from the EIC, attached is an amended funding agreement between the EIC and Habitat for Humanity modifying the reimbursement provision.

RECOMMENDED ACTION

Staff recommends consideration and approval of the amended funding agreement as presented.

FIRST AMENDMENT TO ECONOMIC DEVELOPMENT GRANT AGREEMENT BETWEEN HABITAT FOR HUMANITY AND THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT GRANT AGREEMENT is entered into this ____ day of _____, 2014, by and between **HABITAT FOR HUMANITY**, Kerr County, Texas, a Texas nonprofit corporation (“Habitat”), acting herein by and through its duly authorized representative, Glenn Andrew (“Officer”), and the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (“EIC”), a Texas non-profit corporation established by the City of Kerrville, Texas, pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6 (otherwise known as the Development Corporation Act of 1979 and hereafter called “the Act”).

WITNESSETH:

WHEREAS, on November 25, 2013, Habitat entered into that certain agreement titled *Economic Grant Agreement between Habitat for Humanity and the City of Kerrville, Texas, Economic Improvement Corporation* (the “Grant Agreement”) in which EIC agreed to provide to Habitat an amount up to and not to exceed \$375,000.00 in EIC’s sales tax revenues to be used for costs related to the development and construction of public improvements for the phase two of the housing development located between Meadowview and Meeker, a residential subdivision made up of approximately nineteen (19) single family homes (the “Project”); and

WHEREAS, based upon the request from Habitat, EIC finds that it is in the public interest to amend the Grant Agreement as requested by Habitat with respect to how the EIC makes payments for the Project;

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

1. Paragraph C under Article I of the Grant Agreement is amended to add the language that is underlined (added) and deleting the language that is bracketed and stricken (~~deleted~~) as follows:

**“ARTICLE I.
EIC’S OBLIGATIONS**

:

C. Subject to the terms and conditions set forth in Article II, EIC will administer and provide the Grant to Habitat ~~on a reimbursable basis~~ for actual costs resulting from the Project. In addition and to account for decreases in the estimated cost of the Project, if any, EIC will make initial payments only to a maximum amount of \$300,000.00 (80% of grant) and will reserve \$75,000.00 as a contingency. Toward this end, EIC will pay \$.50 for every \$1.00 submitted for ~~reimbursement~~ payment until the maximum amount is reached. Thereafter, the contingency (remaining 20% of grant) will be used to make payments, if any, at the end of the Project.”

2. Except as amended herein, the provisions of the Grant Agreement remain in full force

and effect.

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

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

HABITAT

David Wampler, President

Glenn Andrews, President of Habitat

ATTEST:

Polly Rickert, Secretary

APPROVED AS TO FORM:

Michael C. Hayes, Attorney for the EIC

T:\Legal\EIC\Contract\EIC Grant Agreement_Habitat_1st Amendment_121614.docx

Agenda Item:

5B. Update of all active Funding Agreements.

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

SUBJECT: Active Funding Agreements Update

FOR AGENDA OF: December 17, 2014 **DATE SUBMITTED:** December 12, 2014

SUBMITTED BY: Ashlea Boyle *AB* **CLEARANCES:** Todd Parton
Special Projects Manager 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

Per request of the EIC, staff will provide an update on all active funding agreements.

RECOMMENDED ACTION

This report is for informational purposes only. No action required.