

**AGENDA FOR REGULAR MEETING OF THE  
CITY OF KERRVILLE, TEXAS  
ECONOMIC IMPROVEMENT CORPORATION  
MONDAY, AUGUST 15, 2016, 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 Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.

**2. APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular meeting held on July 18, 2016

**3 MONTHLY REPORTS:**

3A. Monthly financials for July 2016. (staff)

3B. Projects update. (staff)

Kerrville Sports Complex

Kerrville Tennis Center

Kerrville Aquatics Center

Downtown Streetscape Enhancements

**4. INFORMATION AND DISCUSSION:**

4A. Funding request by the City of Kerrville, Schreiner University and Southern Golf Properties in an amount not to exceed \$3.0 million for the construction of reclaimed water distribution infrastructure.

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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 August 12, 2016, at 2:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

\_\_\_\_\_  
Brenda Craig

City Secretary, City of Kerrville, Texas

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**5. 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 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River trail.

**6. ITEMS FOR FUTURE AGENDAS**

**7. ANNOUNCEMENTS**

**8. ADJOURNMENT.**

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Brenda Craig

City Secretary, City of Kerrville, Texas

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

**July 18, 2016**

On Monday July 18, 2016, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Gary Cochrane, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas.

The invocation was offered by Gary Stork.

**Members Present:**

Gary Cochrane, President  
Sheri Pattillo, Vice President  
Kenneth Early  
Paul Stafford  
Gary Stork  
James Wilson

**Members Absent:**

Delayne Sigerman

**City Executive Staff Present:**

Todd Parton, City Manager  
Mike Hayes, City Attorney  
Cheryl Brown, Deputy City Secretary  
Ashlea Boyle, Assistant Parks Director  
Sandra Yarbrough, Finance 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 MINUTES:**

2A. Mr. Wilson moved to approve the minutes for the June 20, 2016 meeting. Mr. Stork seconded, and the motion passed 6-0.

**3. MONTHLY REPORTS:**

3A. Monthly financials for June 2016:

Ms. Yarbrough reported a beginning balance of \$4,113,236; with \$244,304 revenue, and \$97,311 expenditures; leaving an ending cash balance on June 30, 2016 of \$4,260,229. She reviewed the capital projects status summary, which showed an ending cash balance of \$1,115,812 and the cash and investments fund, which showed an (annualized) interest earned of 0.28%.

3B. Projects update.

Kerrville Sports Complex

Mr. Parton reported that the existing grading contract was scheduled for completion by July 29, 2016. Property transfer from the Cailloux Foundation to the City was scheduled for the first week of August 2016. City contractors were scheduled to start work August 1, 2016, with an estimated completion date of July/August 2017.

Workforce Housing Development

Mr. Parton reported that project analysis was underway, with water/wastewater capacity analysis nearing completion, and tax exempt funding options underway – with review anticipated to be completed within several weeks. Project analysis was scheduled for completion by October 31, 2016.

Jerry Wolff, 509 Buckboard, Kerrville, Texas, spoke and asked the board some questions regarding the workforce housing development. Mr. Stork and Mr. Early both responded to the questions.

**4. CONSIDERATION AND POSSIBLE ACTION:**

**4A. Fiscal Year 2017 Budget.**

Mr. Parton reviewed the proposed Fiscal Year 2017 EIC budget. The modifications that were made to the previously considered budget were: revenue projections-no change; expenditures: administrative-no change, Category I-Business Development-no change; Category II-Quality of Life-Guadalupe Park Enhancements-moved project funding from FY19 to FY20 to align with a more likely project timeline, Category III-Public Infrastructure-Village West Utilities-funding for wastewater utility extensions removed (\$3.0 million in FY2020); ADDED Reclaimed Distribution Lines as a project to Category III-Public Infrastructure-\$3 million total project funded in equal parts in FY17 and FY18 (\$1.5 million each year.)

He reported that City Council has authorized an application to EIC in an amount not to exceed \$3.0 million for the construction of distribution mains to deliver reclaimed water to the Kerrville Sports Complex, Schreiner University, and Riverhill Golf Course. Projected construction costs for each segment was: Kerrville Sports Complex - \$1.5 million; Schreiner University - \$900,000; Riverhill Golf Course - \$600,000. City staff was finalizing letters of intent with Schreiner University and Southern Golf Properties (Riverhill Golf Course ownership) for the extension of the reclaimed water distribution mains. Conceptually, the City of Kerrville would design and construct distribution infrastructure to deliver reclaimed water from the Kerrville Water Reclamation Plant to the customer. Each customer would then design and construct its own on-site storage and irrigation improvements at its sole cost.

Ed Shuler spoke about the effluent water project. Mr. Parton responded to Mr. Shuler.

Bill Morgan, 1744 Glen Road spoke about recouping the costs of the effluent water project. Mr. Parton responded to Mr. Morgan.

**5. EXECUTIVE SESSION:**

Ms. Pattillo moved for the city council to go into executive closed session under Sections 551.071 and 551.072 of the Texas Government Code; motion was seconded by Mr. Wilson and passed 6-0 to discuss the following:

Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), and 551.087 (deliberation regarding economic development negotiations):

- River Trail.

At 4:36 p.m. the open session recessed and the EIC went into executive closed session at 4:36 p.m. At 4:47 p.m. the executive closed session recessed and the EIC returned to open session at 4:47 p.m. Mr. Cochrane announced that no action was taken in executive session.

Ms. Pattillo moved to approve the Fiscal Year 2017 budget with the change discussed by the board regarding the housing under Category II. Mr. Wilson seconded and the motion passed 6-0.

**6. ITEMS FOR FUTURE AGENDAS:**

None

**7. ANNOUNCEMENTS:**

None

**8. ADJOURNMENT**

The meeting was adjourned by Mr. Cochrane at 4:50 p.m.

APPROVED: \_\_\_\_\_

\_\_\_\_\_  
Gary Cochrane, President

ATTEST:

\_\_\_\_\_  
Cheryl Brown  
Deputy City Secretary

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

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**SUBJECT:** EIC Financials

**FOR AGENDA OF:** August 15, 2016    **DATE SUBMITTED:** August 8, 2016

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

*dyf*

**CLEARANCES:**

**EXHIBITS:** Monthly Financials

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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<b>Expenditure Required:</b>	<b>Current Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$	\$	\$	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OR FINANCE:**

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**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 July, 2016**

<b>Beginning Cash Balance</b>		<b>\$ 4,260,228</b>
Income:		
Sales Tax	\$ 249,278	
Interest Revenue	\$ 1,260	
Total Income	<u>\$ 250,538</u>	
Expenses:		
Administrative Service Fee	\$ 8,333	
Transfer for Debt Service	\$ 88,978	
Total Expenses	<u>\$ 97,311</u>	
Revenues Over (Under) Expenditures		<u>\$ 153,228</u>
<b>Ending Cash Balance</b>		<b><u><u>\$ 4,413,455</u></u></b>

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Sales Tax Improvement Fund - Revenue and Expense Statement**  
**For the month ending July, 2016**

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 3,657,920		\$ 3,657,920		
<b>REVENUE:</b>					
Sales and Use Tax	\$ 3,206,316	\$ 249,278	\$ 2,624,435	81.85%	\$ 581,881
Interest	\$ 5,000	\$ 1,260	\$ 10,784	215.69%	\$ (5,784)
<b>TOTAL REVENUE</b>	<b>\$ 3,211,316</b>	<b>\$ 250,538</b>	<b>\$ 2,635,220</b>	<b>82.06%</b>	<b>\$ 576,096</b>
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>EXPENDITURES:</b>					
Administrative					
Local Meetings	\$ 500		\$ 72	14.45%	\$ 428
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 83,333	83.33%	\$ 16,667
Economic Development Governing Body	\$ 154,404		\$ 154,404	100.00%	\$ 0
Debt Service - River Trail - Series 2011A	\$ 256,923	\$ 21,455	\$ 214,013	83.30%	\$ 42,909
Debt Service - River Trail - Series 2012	\$ 255,630	\$ 21,353	\$ 213,526	83.53%	\$ 42,104
Debt Service - Athlex Complex - Series 2015	\$ 596,329	\$ 46,171	\$ 495,837	83.15%	\$ 100,492
<b>Total Administrative</b>	<b>\$ 1,363,786</b>	<b>\$ 97,311</b>	<b>\$ 1,161,186</b>	<b>85.14%</b>	<b>\$ 202,600</b>
Category I - Business Development					
James Avery	\$ 610,000		\$ 610,000	100.00%	\$ -
<b>Total Category I</b>	<b>\$ 610,000</b>	<b>\$ -</b>	<b>\$ 610,000</b>	<b>100.00%</b>	<b>\$ -</b>
Category II - Quality of Life					
LHP Lighting	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
Olympic Pool	\$ 100,000	\$ -	\$ -	0.00%	\$ 100,000
Downtown Streetscape Enhancements:	\$ -				\$ -
Parking Garage	\$ 160,000	\$ -	\$ -	0.00%	\$ 160,000
Planter Boxes	\$ 20,000	\$ -	\$ -	0.00%	\$ 20,000
Street Furniture	\$ 100,000	\$ -	\$ -	0.00%	\$ 100,000
Cailloux Theater Upgrades	\$ 108,500		\$ 108,500	100.00%	\$ -
<b>Total Category II</b>	<b>\$ 738,500</b>	<b>\$ -</b>	<b>\$ 108,500</b>	<b>14.69%</b>	<b>\$ 630,000</b>
Category III - Public Infrastructure					
Housing	\$ 100,000	\$ -	\$ -	0.00%	\$ 100,000
IH10 @ FM 783	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
<b>Total Category III</b>	<b>\$ 600,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ 600,000</b>
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
	\$ -	\$ -	\$ -		\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,312,286</b>	<b>\$ 97,311</b>	<b>\$ 1,879,685</b>	<b>56.75%</b>	<b>\$ 1,432,600</b>
<b>NET REVENUES TO EXPENDITURES</b>	<b>\$ (100,969)</b>	<b>\$ 153,228</b>	<b>\$ 755,534</b>		
<b>ENDING CASH BALANCE</b>	<b>Budget</b> \$ 3,556,950		<b>Actual</b> \$ 4,413,455		

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Sales Tax Revenue Analysis - FY16**  
**For the month ending July, 2016**

<b>Revenue Month</b>	<b>Actual FY 2013</b>	<b>Actual FY 2014</b>	<b>Actual FY 2015</b>	<b>Budgeted FY 2016</b>	<b>Actual FY 2016</b>	<b>FY2015 vs FY2016</b>	<b>Budget vs Actual</b>
October	\$ 226,663	\$ 241,503	\$ 238,933	\$ 245,536	\$ 227,707	-4.70%	-7.26%
November	\$ 210,744	\$ 234,150	\$ 257,654	\$ 264,775	\$ 277,653	7.76%	4.86%
December	\$ 204,782	\$ 214,424	\$ 251,851	\$ 258,811	\$ 254,834	1.18%	-1.54%
January	\$ 217,647	\$ 229,761	\$ 245,845	\$ 252,639	\$ 255,848	4.07%	1.27%
February	\$ 284,177	\$ 296,036	\$ 335,071	\$ 344,331	\$ 347,778	3.79%	1.00%
March	\$ 205,749	\$ 207,869	\$ 223,251	\$ 229,420	\$ 223,790	0.24%	-2.45%
April	\$ 215,800	\$ 218,030	\$ 227,065	\$ 233,340	\$ 237,432	4.57%	1.75%
May	\$ 251,468	\$ 268,682	\$ 273,281	\$ 280,834	\$ 307,046	12.36%	9.33%
June	\$ 234,781	\$ 267,530	\$ 255,511	\$ 262,575	\$ 243,070	-4.87%	-7.43%
July	\$ 216,641	\$ 222,961	\$ 238,328	\$ 244,915	\$ 249,278	4.59%	1.78%
August	\$ 245,964	\$ 266,321	\$ 296,422				#DIV/0!
September	\$ 224,905	\$ 238,926	\$ 256,246				#DIV/0!
<b>YTD Total</b>	<b>\$ 2,739,321</b>	<b>\$ 2,906,194</b>	<b>\$ 3,099,458</b>	<b>\$ 2,617,177</b>	<b>\$ 2,624,435</b>	<b>3.59%</b>	<b>0.28%</b>

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Capital Projects Fund - Summary**  
**For the month ending July, 2016**

<b>Beginning Cash Balance</b>		<b>\$ 1,115,812</b>
Income:		
	\$	-
Total Income:	\$	-
Expenses:		
Downtown Streetscape	\$	196
Total Expenses:	\$	196
Revenues Over (Under) Expenditures		<u>\$ (196)</u>
<b>Ending Cash Balance</b>		<u><u>\$ 1,115,616</u></u>

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Project Status Summary**  
For the month ending July, 2016

Fiscal Years	Projects	Agreement Commitment	EIC Funded To Date	Total Funded	Expenses to Date	Project Balance
2012-13	Downtown Streetscape	\$ 35,100	\$ 35,100	\$ 35,100	\$ 34,609	\$ 491
2014-15	James Avery	\$ 1,220,000	\$ 1,220,000	\$ 1,220,000	\$ 609,500	\$ 610,500
2014-15	ED Set Aside	\$ 500,000	\$ 500,000	\$ 500,000		\$ 500,000
2015-16	LHP Lighting	\$ 250,000				
20-15-16	Olympic Pool	\$ 100,000				
2015-16	Parking Garage	\$ 160,000				
2015-16	Planter Boxes	\$ 20,000				
2015-16	Street Furniture	\$ 100,000				
2015-16	Cailloux Theater upgrades	\$ 108,500	\$ 108,500	\$ 108,500	\$ 103,875	\$ 4,625
<b>TOTALS</b>		<b>\$ 3,718,600</b>	<b>\$ 2,980,100</b>	<b>\$ 3,243,574</b>	<b>\$ 2,043,067</b>	<b>\$ 1,115,616</b>

Cash Balance on 7/31/2016    \$    1,115,616

**General Capital Improvement Projects - supported by EIC**

Fiscal Years	Projects	Agreement Commitment	Total Funded	Expense To Date	To Balance
2011-12	River Trail	\$ 6,000,000	\$ 5,996,872	\$ 4,965,880	\$ 1,030,992
2011-12	Louise Hays/Lehmann Monroe parks	\$ 2,000,000	\$ 2,600,000	\$ 2,600,000	\$ (0)
<b>Funding Agreement - C2011-76Totals</b>		<b>\$ 8,000,000</b>	<b>\$ 8,596,872</b>	<b>\$ 7,565,879</b>	<b>\$ 1,030,991</b>

**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 replenished - \$600,000.00 approved at EIC meeting related to Louise Hays/Lehman Monroe park improvements (see note above) reported on 9/30/14 financial report at October 2014 meeting.

**Cash and Investments**  
For the month ending July, 2016

<b>Cash and Investment Balances by Fund</b>			
<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)	\$ 4,413,455	7/31/2016
75	EIC Projects Fund (capital projects fund)	\$ 1,115,616	7/31/2016
<b>Total Cash and Investments</b>		<b>\$ 5,529,071</b>	<b>7/31/2016</b>

<b>Cash and Investments by Type - Placement - Amount</b>					
<u>Type</u>	<u>Investment Placement</u>	<u>Amount</u>	<u>Interest Earned</u>	<u>Interest Earned (Annualized)</u>	<u>Period Ending</u>
Cash	Wells Fargo Checking	\$ 1,770,876	\$ -	0.00%	7/31/2016
ST Investment	EIC TexPool	\$ 1,628,289	\$ 510.07	0.38%	7/31/2016
ST Investment	EIC TexStar	\$ 1,629,823	\$ 534.29	0.39%	7/31/2016
Pioneer Bank	CD	\$ 250,084	\$ 215.64	1.03%	7/31/2016
Texas Hill Co Bank	CD	\$ 250,000	\$ -	0.00%	7/31/2016
<b>Total Cash and Investments</b>		<b>\$ 5,529,071</b>	<b>\$ 1,260.00</b>	<b>0.27%</b>	<b>7/31/2016</b>

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

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**SUBJECT:** Projects update

**FOR AGENDA OF:** August 15, 2016 **DATE SUBMITTED:** August 11, 2016

**SUBMITTED BY:** Todd Parton **CLEARANCES:**  
City Manager

**EXHIBITS:** None

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

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<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**PAYMENT TO BE MADE TO:**  
**REVIEWED BY THE FINANCE DEPARTMENT:**

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**SUMMARY STATEMENT**

City staff will review the status of the following projects:

1. Kerrville Sports Complex
  - Property transfer scheduled for first week of August 2016.
  - City contractor for grading and site work began August 1, 2016.
  - Estimated completion date July/August 2017.
  
2. Kerrville Tennis Center
  - City staff contacting architectural and engineering consultants to establish scope of work and pricing for site evaluation and design – includes drainage analysis and grading plan.
  - Application forthcoming upon determination of design costs.
  
3. Kerrville Aquatics Center
  - City staff contacting pool consultants to finalize scope of contract and establish fees.
  - Application forthcoming upon determination of scope of work and related fees.
  
4. Downtown Streetscape Enhancements
  - City staff is finalizing details:
    - Hardscape/landscape improvements at parking garage.
    - Siting, inventory and pricing for street furniture, planters, etc.
  - Application forthcoming upon finalization of details.

## **RECOMMENDED ACTION**

This is an informational report to the EIC Board and no action is required.

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

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**SUBJECT:** Funding request by the City of Kerrville, Schreiner University, and Southern Golf Properties in an amount not to exceed \$3.0 million for the construction of reclaimed water distribution infrastructure

**FOR AGENDA OF:** August 15, 2016    **DATE SUBMITTED:** August 11, 2016

**SUBMITTED BY:** Todd Parton                      **CLEARANCES:**  
City Manager

**EXHIBITS:**                      Reclamation Water Distribution System Map  
   Schreiner University Letter of Intent  
   Southern Golf Properties Letter of Intent

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**PAYMENT TO BE MADE TO:**  
**REVIEWED BY THE FINANCE DEPARTMENT:**

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**SUMMARY STATEMENT**

On March 22, 2016, the City Council authorized city staff to apply to the Economic Improvement Corporation for a grant not to exceed \$3 million to fund the extension of distribution infrastructure from the planned reclamation water pond and pump facility. If granted, the funds would be applied to the actual construction of distribution mains and related appurtenances to deliver reclaimed water to the Kerrville Sports Complex, Schreiner University, and the Riverhill golf course. Attached is a map of the planned distribution system.

Design for the distribution system is underway. Plans are approximately 10% complete and the project is scheduled for bidding by February 2017. Construction is projected to begin by April 2017 and be completed by February 2018. The system is expected to be online and ready to deliver reclaimed water by the summer of 2018. This schedule dovetails with the design and construction schedule for the reclaimed water pond and pump station, which is also projected to be online and ready to produce reclaimed water by the summer of 2018.

Letters of Intent with Schreiner University and Southern Golf Properties have been negotiated for the purchase of reclaimed water. These letters were approved by the City Council and state that they are interested in purchasing reuse water provided that the City

of Kerrville funds the design and construction of the infrastructure from the reuse pond to their on-site delivery points. The letters include the following primary points:

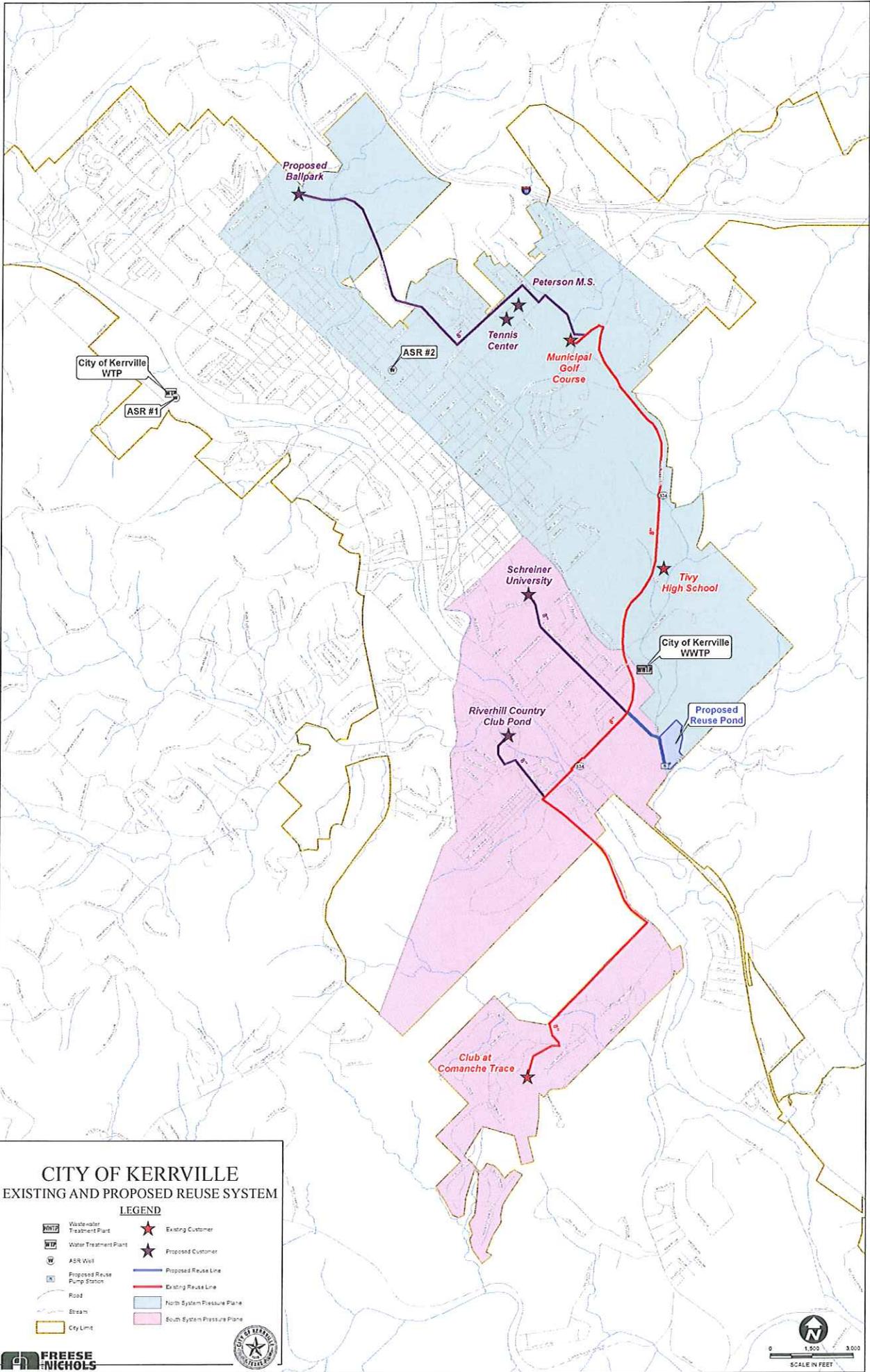
1. that the City of Kerrville will cover the costs to design, construct, and install the necessary improvements to deliver reclaimed water from the City of Kerrville Water Reclamation Plant to a specific point of delivery on each property;
2. that each of the receiving entities will cover the costs to design construct, and install the necessary improvements to store and utilize the reclaimed water on their property;
3. that the City of Kerrville will build the delivery systems to supply a specific peak daily demand (250,000 gallons per day to Schreiner University and 600,000 gallons per day to Riverhill Golf Course) which may be curtailed in the event that the City of Kerrville needs the reclaimed water to supplement its drinking water supply;
4. that each of the receiving entities will begin taking reclaimed water within 24 months of the city's completion of its work;
5. that each of the receiving entities will enter into a 20-year reclaimed water supply and use agreement which specifies the rates that will be paid and the manner in which the rates may be increased by the City of Kerrville through the life of the agreement; and
6. that each of the receiving entities will be a party to the city's Economic Improvement Corporation funding request and funding agreement.

These letters of intent are not limited solely to the city's funding the improvements through the economic development sales tax. These letters will still be applicable should the city opt to fund these improvements through other means. It is estimated that the city's re-use water project will cost \$18.3 million to construct, inclusive of all project elements (storage, pumping, and distribution systems). The city has access to \$18.5 million in funding through \$10 million in bonds already sold, allocation of \$1.3 million in case, and up to \$8.5 million that KPUB has agreed to loan to the City of Kerrville. The use of 4b funds for the distribution improvements would allow the city council to repurpose a portion of these funds to other identified water and sewer capital improvements.

An application is being prepared and will include Schreiner University and Southern Golf Properties as parties to the application. It will be submitted for consideration at the corporation's September meeting.

### **RECOMMENDED ACTION**

This is an informational report to the EIC Board and no action is required.



**CITY OF KERRVILLE**  
**EXISTING AND PROPOSED REUSE SYSTEM**

**LEGEND**

WWT	Waste water Treatment Plant	Existing Customer
WTP	Water Treatment Plant	Proposed Customer
ASR Well	ASR Well	Proposed Reuse Line
Proposed Reuse Pump Station	Proposed Reuse Pump Station	Existing Reuse Line
Road	Road	North System Pressure Plane
Stream	Stream	South System Pressure Plane
City Limit	City Limit	

**FRESE NICHOLS**

0 1,500 3,000  
SCALE IN FEET



## City of Kerrville

701 MAIN STREET • KERRVILLE, TEXAS 78028 • 830.257.8000 • KERRVILLETX.GOV

### Letter of Intent for Supply of Reclaimed Water

June 22, 2016

Mr. Bill Muse  
Vice President of Administration and Finance  
Schreiner University  
2100 Memorial Boulevard  
Kerrville, Texas 78028

Dear Mr. Muse,

This letter is to confirm the mutual intent between the City of Kerrville ("City") and Schreiner University to enter into a funding and use agreement(s) for the provision of reclaimed water for irrigation purposes at the university campus. The City of Kerrville is designing a reclaimed water project with the capability of delivering an adequate supply of non-potable water to irrigate the athletic fields and landscaped areas and to the chiller plant at Schreiner University. Completion of the City's reclaimed water project (the "Project") is anticipated early in the 2018 calendar year.

By virtue of signing below, the parties acknowledge both the scope and timing of the Project and the general terms and conditions as follows:

1. City will deliver reclaimed water to a point within the Schreiner University property as mutually agreed to by both parties ("Delivery Point");
2. City will cause to be designed, constructed, and installed all the improvements required to deliver reclaimed water to the Delivery Point at its sole expense. Said improvements to include, distribution mains, pump station as the City of Kerrville Water Reclamation Plant, valve system(s) at the Delivery Point, SCADA system(s), and related appurtenances;
3. Schreiner University will cause to be designed, constructed, and installed all the improvements required for the storage and use of reclaimed water on its property at its sole expense. Said improvements to include, surface storage, pumping systems, distribution systems, and related appurtenances;
4. Schreiner University agrees to coordinate with the City on the design of the Project by identifying the location of on-site utility systems, location of on-site water storage facilities, and, if appropriate, the dedication of easements to the City on the university's property to accommodate the location and maintenance of reclaimed water infrastructure;
5. City intends to apply to the City of Kerrville Economic Improvement Corporation for funds adequate to cover the costs for the construction and installation of the distribution portion of the Project to deliver reclaimed water from the City of Kerrville Water Reclamation Plant to the Delivery Point. Schreiner University agrees to be a party to the application;

6. Schreiner University agrees that it will take all actions necessary to begin utilizing reclaimed water for irrigation purposes within 24 months of the City's completion of the Project;
7. City's Project will provide a peak daily demand of 250,000 gallons of reclaimed water to the Delivery Point subject to the following conditions:
  - a. A weekly pumping schedule established by the City of Kerrville and Schreiner University that will satisfy the peak daily demand at the Delivery Point ,
  - b. Except where the City needs to utilize reclaimed water supply as part of its potential direct potable reuse program; and
  - c. City will not add additional reclaimed water customers that impede the City's ability to meet the peak daily demand.
8. Schreiner University and the City will enter into a reclaimed supply funding and use agreement(s) that will include, the following provisions:
  - a. 20-year term,
  - b. Application of standard base and volumetric rates established by the City in effect at the time that Schreiner University begins to take reclaimed water;
  - c. Initial base and volumetric rates to remain frozen for the first (7) seven years of consumption;
  - d. Maximum cap of two percent (2%) on annual increases to base and volumetric rates after the first seven (7) years of consumption; and
  - e. Guarantee that Schreiner University will use its reclaimed water in accordance with state and federal law; and
9. This Letter of Intent does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party to this letter of intent. No such obligation shall be created, except by the execution of a separate written agreement between the parties regarding the proposed transaction, and then only in accordance with the terms and conditions of such separate agreement.

By providing the signatures below, each party confirms its acceptance of the terms and conditions of this Letter of Intent.

Sincerely,

Todd Parton  
City Manager

By affixing my signature below I acknowledge that I am duly authorized to execute this MOU on behalf of my organization and accept the terms and conditions outlined herein.

On behalf of Schreiner University:

On behalf of the City of Kerrville:

Date: 7-22-16

Date: 8/1/2016

Signed:



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Mr. Bill Muse, Vice President of  
Administration and Finance  
Schreiner University

Signed:



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Mr. Todd Parton, City Manager  
City of Kerrville, Texas



**City of Kerrville**

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## Letter of Intent for Supply of Reclaimed Water

July 21, 2016

Mr. John Junker  
CEO – Southern Golf Properties  
100 Riverhill Club Lane  
Kerrville, Texas 78028

Dear Mr. Junker,

This letter is to confirm the mutual intent between the City of Kerrville (“City”) and Southern Golf Properties to enter into a funding and use agreement(s) for the provision of reclaimed water for irrigation purposes at the Riverhill Golf Course. The City of Kerrville is designing a reclaimed water project that with the capability of delivering adequate supplies of non-potable water that will allow the Riverhill Golf Course to irrigate with reclaimed water. Completion of the city’s reclaimed water project (the “Project”) is anticipated early in the 2018 calendar year.

Both parties agree to work cooperatively according to the principal terms and conditions outlined as follows:

1. City will deliver reclaimed water to a point within the Riverhill Golf Course property as mutually agreed to by both parties (“Delivery Point”);
2. City will cause to be designed, constructed, and installed all the improvements required to deliver reclaimed water to the Delivery Point at its sole expense. Said improvements to include, but not be limited to, distribution mains, pump station as the City of Kerrville Water Reclamation Plant, valve system(s) at the Delivery Point, SCADA system(s), and other related appurtenances;
3. Southern Golf Properties will cause to be designed, constructed, and installed all the improvements required for the storage of reclaimed water at the Delivery Point and the on-site use of the reclaimed water at its sole expense. Said improvements to include, but not be limited to, surface storage, pumping systems, distribution systems, and other related appurtenances;
4. Southern Golf Properties agrees to coordinate with the City on the design of the Project by identifying the location of on-site utility systems, location of on-site reclaimed water storage facilities, and, if appropriate, the dedication of easements or rights-of-way to the City on the Southern Golf Property’s property to accommodate the location and maintenance of reclaimed water infrastructure;
5. City intends to apply to the City of Kerrville Economic Improvement Corporation for funds adequate to cover the costs for the construction and installation of the distribution system portion of the Project to deliver reclaimed water from the City of Kerrville Water Reclamation Plant to the Delivery Point. Southern Golf Properties agrees to be a party to the application;

6. Southern Golf Properties agrees that it will take all actions necessary to begin utilizing reclaimed water for irrigation purposes within 24 months of the city's completion of the Project;
7. City's Project will provide a peak daily demand of 600,00 gallons of reclaimed water to the Delivery Point subject to the following conditions:
  - a. A weekly pumping schedule established by the City and Southern Golf Properties that will satisfy the peak daily demand at the Delivery Point,
  - b. Except where the City needs to utilize reclaimed water supply as part of its potential direct potable reuse program, and
  - c. City will not add additional reclaimed water customers that impede the City's ability to meet the peak daily demand.
8. Southern Golf Properties and the City will enter into a reclaimed supply funding and use agreement(s) that will include the following provisions:
  - a. 20-year term,
  - b. Application of standard base and volumetric rates established by the City in effect at the time that Southern Golf Properties begins to take reclaimed water,
  - c. Riverhill will be billed monthly with charges being the base rate in addition to the application of the volumetric rate for actual gallons delivered to the Delivery Point, which shall be metered. The monthly statement sent by the City will show the gallons metered to the Delivery Point;
  - d. Initial base and volumetric rates to remain frozen for the first (7) seven years of consumption;
  - e. Maximum cap of two percent (2%) on annual increases to base and volumetric rates, and
  - f. Guarantee that Southern Golf Properties will use its reclaimed water in accordance with state and federal law; and
9. This Letter of Intent does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party to this letter of intent. No such obligation shall be created, except by the execution of a separate written agreement between the parties regarding the proposed transaction, and then only in accordance with the terms and conditions of such separate agreement.

By providing the signatures below, each party confirms its acceptance of the terms and conditions of this Letter of Intent.

Sincerely,



Todd Parton  
City Manager

By affixing my signature below I acknowledge that I am duly authorized to execute this MOU on behalf of my organization and accept the terms and conditions outlined herein.

On behalf of Southern Golf Properties:

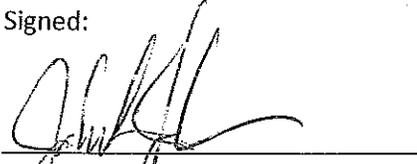
On behalf of the City of Kerrville:

Date: 7/21/14

Date: 7/21/2014

Signed:

Signed:



Mr. John Junker, CEO  
Southern Golf Properties

Mr. Todd Parton, City Manager  
City of Kerrville, Texas