

**AGENDA FOR MEETING OF
THE CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
Monday, March 21, 2011, 4:00 p.m.
Kerrville City Hall Council Chambers
800 Junction Highway, Kerrville, Texas**

1. CALL TO ORDER

2. INVOCATION

3. VISITORS FORUM

At this time, any person with business not scheduled on the agenda may speak to the corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit presentations to three minutes.

4. MONTHLY REPORTS:

4A. Monthly financials for February 2011.

4B. EIC construction project status.

5. INFORMATION AND DISCUSSION:

5A. Update from Investment Policy Committee concerning action taken at the January 17, 2011 EIC meeting relative to the Investment Policy. (Erwin)

5B. Update on Pinto Trail Project. (Harrison)

5C. Update from the Kerrville Economic Development Corporation (Watson)

6. CONSIDERATION AND ACTION:

6A. Consideration and approval of The Economic Development Strategic Plan with City Council. (Parton)

6B. Consideration of funding agreement amendment request from Hewitt Engineering. (Hewitt)

6C. Consider proposal from Kerr Economic Development Foundation ("KEDF") for the Economic Improvement Corporation to enter into a Purchase and Sale Agreement with KEDF for the purchase of approximately 86.71 acres located at 300 Peterson Farm Road, which is intended to become the new site of the United State Department of Agriculture ("USDA") Knipling-Bushland Laboratory. (Hayes)

7. EXECUTIVE SESSION:

The EIC Board reserves the right to discuss any of the above items in executive closed session if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.075, 551.076 (deliberation regarding security devices) or 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

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: March 16, 2011 at 3:45 p.m. and remained posted continuously for at least 72 hours proceeding the scheduled time of the meeting.

Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

Sections 551.071, 551.072 and 551.087:

- Consider proposal from Kerr Economic Development Foundation ("KEDF") for the Economic Improvement Corporation to enter into a Purchase and Sale Agreement with KEDF for the purchase of approximately 86.71 acres located at 300 Peterson Farm Road, which is intended to become the new site of the United States Department of Agriculture ("USDA") Knipling-Bushland Laboratory. (Hayes)

8. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

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.

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Teri Kinsey
Deputy City Secretary, City of Kerrville, Texas

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund

Cash Balance as of February 1, 2011		\$ 2,252,523
Deposits:		
Sales Tax	\$ 241,320	
Interest Revenue	\$ 921	
Transfer In	\$ 9,188	
	<u>\$ 251,429</u>	
Expenses:		
Office Supplies	\$ -	
Advertising		
Administrative Service Fee	\$ 6,250	
Special Services - Category 1	\$ 335,659	
Special Services - Category 2	\$ -	
Transfer for Debt Service	\$ 42,083	
Total Expenses	<u>\$ 383,992</u>	
Revenues Over (Under) Expenditures		<u>\$ (132,563)</u>
Ending Cash Balance as of February 28, 2011		<u>\$ 2,119,959</u>

City of Kerrville
Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expense Statement
For the month ending February 28, 2011

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 2,228,924		\$ 2,228,924		
REVENUE:					
Sales and Use Tax	\$ 2,250,000	\$ 241,320	\$ 998,179	44.36%	\$ 1,251,821
Interest	\$ -	\$ 921	\$ 5,872	#DIV/o!	\$ (5,872)
Transfer In		\$ 9,188	\$ 9,188		
TOTAL REVENUE	\$ 2,250,000	\$ 251,429	\$ 1,013,239	45.03%	\$ 1,245,949

	Annual Budget	Current Period	Y-T-D Actual & Encumbrance	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Advertising	\$ -		\$ 40	-	\$ (40)
Transfer to Debt Service Fund	\$ 505,000	\$ 42,083	\$ 210,417	41.67%	\$ 294,583
Economic Development Governing Body	\$ 225,000	\$ 225,000	\$ 225,000	100.00%	\$ -
Annual Disclosure Fee		\$ -			\$ -
Administrative Services Fee	\$ 75,000	\$ 6,250	\$ 31,250	41.67%	\$ 43,750
Total Administrative	\$ 805,000	\$ 273,333	\$ 466,707	57.98%	\$ 338,293
Category I - Business Development					
Hill Country Shooting Center			\$ 494,838	100.00%	\$ (494,838)
Commercial Improve Pilot Program			\$ 50,000	100.00%	\$ (50,000)
USDA		\$ 110,659	\$ 110,659		
Unspecified	\$ 781,000	\$ -		0.00%	\$ 781,000
Total Category I	\$ 781,000	\$ 110,659	\$ 655,497	100.00%	\$ 236,162
Category II - Quality of Life					
Schreiner University Project	\$ -	\$ -		#DIV/o!	\$ -
Hill Country Home Opportunity Program	\$ -			100.00%	\$ -
Category II Unspecified	\$ 82,000			0.00%	\$ 82,000
Total Category II	\$ 82,000	\$ -	\$ -	0.00%	\$ 82,000
Category III - Public Infrastructure					
Unspecified Projects	\$ 82,000			0.00%	\$ 82,000
Total Category III	\$ 82,000	\$ -	\$ -	0.00%	\$ 82,000
Contingency	\$ 500,000			0.00%	\$ 500,000
TOTAL EXPENDITURES	\$ 2,250,000	\$ 383,992	\$ 1,122,204	49.88%	\$ 1,238,455
NET REVENUES TO EXPENDITURES	\$ -	\$ (132,563)	\$ (108,965)		

ENDING CASH BALANCE: February 28, 2011 Budget Actual
\$ 2,228,924 \$ 2,119,959

	Pro Forma				
	2011	2012	2013	2014	2015
Beginning Cash Balance	\$ 2,228,924	\$ 2,252,924	\$ 3,612,374	\$ 4,993,537	\$ 6,822,180
Revenue					
Sales Tax	\$ 2,250,000	\$ 2,272,500	\$ 2,295,225	\$ 2,318,177	\$ 2,341,359
Interest	\$ 24,000	\$ 25,200	\$ 26,460	\$ 27,783	\$ 29,172
Total Revenue	\$ 2,274,000	\$ 2,297,700	\$ 2,321,685	\$ 2,345,960	\$ 2,370,531
Expense					
KEDF-USDA	\$ 131,000	\$ 131,000	\$ 131,000	\$ 32,000	
Promo (ED Gov)	\$ 225,000	\$ 227,250	\$ 229,523	\$ 231,818	\$ 234,136
Administrative Services-City	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Commercial Improvement Program	\$ 50,000				
Other/Unspecified	\$ 1,264,000	\$ -	\$ -	\$ -	\$ -
Debt Service Transfer	\$ 505,000	\$ 505,000	\$ 505,000	\$ 178,500	
Total Expenditure	\$ 2,250,000	\$ 938,250	\$ 940,523	\$ 517,318	\$ 309,136
Revenue over Expense	\$ 24,000	\$ 1,359,450	\$ 1,381,163	\$ 1,828,643	\$ 2,061,395
Ending Cash Balance	\$ 2,252,924	\$ 3,612,374	\$ 4,993,537	\$ 6,822,180	\$ 8,883,575

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Debt Service Fund

Cash Balance as of February 1, 2011		\$ 579,929
Revenues:		
Transfer from Sales Tax Improvements Fund	<u>\$ 42,083</u>	
Total Deposits	<u>\$ 42,083</u>	
Expenses:		
Paying Agent Fee	\$ 1,000	
Bond Principal	\$ 425,000	
Bond Interest	<u>\$ 41,764</u>	
Total Expenses	<u>\$ 467,764</u>	
Revenues Over (Under) Expenditures:		<u>\$ (425,680)</u>
Ending Cash Balance as of February 28, 2011		<u><u>\$ 154,249</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Debt Service Fund
Revenue and Expense Statement
For the month ending February 28, 2011

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 411,596		\$ 411,596		
REVENUE:					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 42,083	\$ 210,417	41.67%	\$ 294,583
Return of Equity - Park Lane Extension	\$ -			100.00%	\$ -
TOTAL REVENUE	\$ 505,000	\$ 42,083	\$ 210,417	41.67%	\$ 294,583
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
EXPENDITURES:					
Series 1999 Sales Tax Bond Debt Service	\$ 425,000	\$ 425,000	\$ 425,000	100%	\$ -
Series 1999 Sales Tax Bond Interest Expense	\$ 73,859	\$ 41,764	\$ 41,764	57%	\$ 32,095
Paging Agent Fees	\$ 1,000	\$ 1,000	\$ 1,000	100%	\$ -
First Southwest Continuing Disclosure Fee	\$ -	\$ -	\$ -	-	\$ -
TOTAL EXPENDITURES	\$ 499,859	\$ 467,764	\$ 467,764	93.58%	\$ 32,095
ENDING CASH BALANCE: February 28, 2011	Budget \$ 416,737		Actual \$ 154,249		

	Pro Forma				
	2011	2012	2013	2014	2015
Beginning Cash Balance	\$ 411,596	\$ 413,237	\$ 414,671	\$ 416,671	\$ 95
Revenue					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 505,000	\$ 505,000	\$ 84,200	\$ -
Total Revenue	\$ 505,000	\$ 505,000	\$ 505,000	\$ 84,200	\$ -
Expenditures:					
Series 1999 Sales Tax Bond Debt Principal	\$ 425,000	\$ 445,000	\$ 465,000	\$ 485,000	\$ -
Series 1999 Sales Tax Bond Debt Interest	\$ 73,859	\$ 54,066	\$ 33,248	\$ 11,276	\$ -
Paging Agent Fees	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Continuing Disclosure Fee	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Total Expenditure	\$ 503,359	\$ 503,566	\$ 502,748	\$ 500,776	\$ -
Revenue over expenditures	\$ 1,641	\$ 1,434	\$ 2,252	\$ (416,576)	\$ -
Ending Cash Balance	\$ 413,237	\$ 414,671	\$ 416,923	\$ 95	\$ 95

CITY OF KERRVILLE
 Economic Improvement Corporation
 SALES TAX REVENUE ANALYSIS

	Actual FY 2008	Actual FY 2009	Actual FY 2010	Approved FY 2011	Actual FY 2011	Difference Projected vs Actual	% of Projected Variance
October	\$ 194,330	\$ 195,050	\$ 179,735	\$ 173,552	\$ 184,602	\$ 11,050	6.37%
November	\$ 219,398	\$ 218,565	\$ 188,879	\$ 216,981	\$ 207,677	\$ (9,304)	-4.29%
December	\$ 195,398	\$ 202,043	\$ 170,981	\$ 173,554	\$ 169,550	\$ (4,004)	-2.31%
January	\$ 187,236	\$ 190,881	\$ 170,645	\$ 158,281	\$ 195,030	\$ 36,749	23.22%
February	\$ 251,426	\$ 239,208	\$ 236,837	\$ 261,777	\$ 241,320	\$ (20,457)	-7.81%
March	\$ 194,946	\$ 200,569	\$ 163,136	\$ 150,622			
April	\$ 168,423	\$ 259,861	\$ 160,461	\$ 153,072			
May	\$ 234,014	\$ 228,262	\$ 203,235	\$ 214,787			
June	\$ 193,637	\$ 181,835	\$ 182,429	\$ 168,623			
July	\$ 200,625	\$ 183,253	\$ 179,622	\$ 170,721			
August	\$ 230,443	\$ 219,318	\$ 221,711	\$ 228,210			
September	\$ 213,253	\$ 189,718	\$ 186,321	\$ 180,144			
Total	\$ 2,483,129	\$ 2,508,562	\$ 2,243,991	\$ 2,250,324	\$ 998,179	\$ 14,034	1.43%

CITY OF KERRVILLE
Economic Improvement Corporation
EIC Capital Projects Fund

Cash Balance as of February 1, 2011		\$	2,195,935
Revenues:			
Transfer In	\$		110,659
Total Revenues/Transfer In	\$		110,659
Expenses:			
Services			
Special Services			
Hill Country Shooting Sports Center			30,244
Harper Road Utility Extension	\$		238,714
KEDF-USDA	\$		110,659
Hill Country Home Opportunity	\$		2,500
Commercial Improvement Pilot	\$		18,000
Transfer Out	\$		9,188
	\$		409,304
Capital Outlay			
Capital Outlay Total			
Transfer Out			-
Total Expenses			
	\$		409,304
Revenue Over (Under) Expenditures			\$ (298,645)
Ending Cash Balance as of February 28, 2011			\$ 1,897,289

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

Project Status Summary
For the month ending February 28, 2011

YEAR(S) FUNDED	PROJECTS	Funding Agreement	EIC Funding Agreement Commitment	EIC Funded To Date	Non-EIC Funding	Total Funded	Project Expenses to Date	Project Balance	EIC Future Allocation Balance
2006/07	Harper Highway Utility Extension	FA 2008-013	\$ 2,850,000	\$ 2,850,000	\$ 302,396	\$ 3,152,396	\$ 1,897,250	\$ 1,255,146	-
2007/08	Salvation Army Kroc Center	FA 2008-011	\$ 500,000	\$ 500,000		\$ 500,000	\$ 438,539	\$ 61,461	-
2008/09	Alamo Workforce	FA 2009-03	\$ 109,887	\$ 109,887		\$ 109,887	\$ 108,394	\$ 1,493	0
2008/09	KEDF USDA Payment*	FA 2008-08	\$ 525,000	\$ 210,627		\$ 210,627	\$ 210,627	\$ (0)	314,373
2009/10	Hill Country Home Opportunity	FA 2010-02	\$ 150,000	\$ 150,000		\$ 150,000	\$ 14,216	\$ 135,784	-
2009/10	Commercial Improvement Program		\$ 100,000	\$ 100,000		\$ 100,000	\$ 18,000	\$ 82,000	-
2010/11	Commercial Improvement Program		\$ 50,000	\$ 50,000		\$ 50,000	\$ -	\$ 50,000	-
2010/11	Hill Country Shooting Center	FA 2010-03	\$ 494,838	\$ 494,838		\$ 494,838	\$ 192,167	\$ 302,666	-
TOTALS			\$ 4,779,725	\$ 4,465,352	\$ 302,396	\$ 4,767,743	\$ 2,879,192	\$ 1,888,551	\$ 314,373

Cash Balance on 2/28/2011: \$ 1,897,289

Unallocated cash available: \$ 8,739

* Funding moved as payment becomes due

Economic Improvement Corporation

Investment Summary

For Period 2/01/11 to 02/28/11

EIC Portfolio

As of 1/31/2011		Fund 40	Fund 43	Fund 75
Claim on Consolidated Cash - Incode		\$2,119,959	\$154,249	\$1,897,289

As of 1/31/2011		EIC Portion		
Investment Accounts	Prior Month Total	Fund 40	Fund 43	Fund 75
TexPool Prime		\$2,064,959	\$154,249	\$1,897,289
Wells Fargo Checking - Primary Checking		\$55,000	\$0	\$0
Total	\$5,028,386.57	\$2,119,959	\$154,249	\$1,897,289

Investment Returns for February 2011 Period

Net Dollar Return		\$921	Put in Fund 40	Put in Fund 40
Rate of Return (annualize)		0.22%		
6-Month T-Bill Rate (as of 2/28/11)		0.18%		



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

MEMORANDUM

TO: EIC Board

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

DATE: March 14, 2011

SUBJECT: March, 2011 CIP Update for EIC Funded Projects

Harper Road Utility Extension (\$2,850,000.00) – The project construction contract was awarded to Nelson Lewis, Inc. in an amount not to exceed \$2,520,564.00 on June 22, 2010. Notice to precede letter issued on August 2, 2010. In addition to the construction contract, City Council awarded a separate contract to Raba Kistner Consultants, Inc to perform the required material testing for the project. The contract with the consultant is a not to exceed contract in an amount of \$67,840.00. The construction is broken up into sections as follows:

- Section 1 (James Avery Campus to north side of I-10) = water & sewer complete.
- Section 2 (South end of project to Horseshoe Oaks subdivision) = complete.
- Section 3 (Horseshoe Oaks subdivision to south side of I-10) = under construction.

Nelson Lewis, Inc. has currently invoiced & been paid 64% of their construction contract. Raba Kistner has invoice & been paid 16% of their material testing contract.

Salvation Army Kroc Center Site Work & Drainage Improvements (\$570,000.00) – This project consists of constructing retaining walls, side walks, walking trails, fencing, replacement of sanitary sewer and other associated improvements related to the Salvation Army Kroc Center including site preparation, grading and drainage. The construction contract was awarded to Yantis Company (Contractor) during the May 12, 2009 City Council meeting in the amount of \$1,119,735.75. On June 8, 2010, Council authorized the increase of the Yantis Contract to the amount of \$1,173,959.55 and authorized the release of the remainder funds in the amount of \$44,317.46 to cover change orders. Final acceptance has been issued to the Contractor and the project will be closed this fiscal year (FY11).



Hewitt Engineering Inc.

Consulting Engineering Services

January 31, 2011

City of Kerrville Economic Improvement Corporation
Attn: Ms. Mindy Wendele
800 Junction Highway
Kerrville, Texas 78028

Re: 716 Barnett-Commercial Improvement Program

Dear Ms. Wendele,

In accordance with our Economic Improvement Corporation Development Grant Agreement, I have completed the remodeling project at 716 Barnett Street in the City of Kerrville. Attached are several photographs of the completed project and one photograph of the house prior to construction.

I am requesting reimbursement of \$8,000 based on the expenses attached to this letter. Remodeling expenses included demolition, exterior renovation, electrical upgrades, plumbing upgrades, conversion of the three small bedrooms to offices, new flooring and repainting. The total contract amount for these improvements was anticipated to be \$37,500. However, the contractor, Royal Repainting and Remodeling, was involved in a serious automobile accident in December 2010 and was unable to complete the project. I contracted with RB Construction to finish the project but incurred additional cost to take over for the first contractor. Total costs for the project were \$60,443.13 and are summarized on the attached spreadsheet and itemized invoices and receipts. The total costs excluding landscaping were \$56,468.67.

I would ask the EIC to consider an additional \$2,000 reimbursement for a total of \$10,000 for this project. I understand that I had the opportunity to request the total amount prior to construction but I believed the total cost of renovation would be approximately \$40,000. Due to unforeseen conditions, the final costs were significantly higher. However, the finished renovation product benefits the City of Kerrville and improves the general appearance of the neighborhood located near the highly visible intersection of Sidney Baker Street and Barnett Street. Thank you for your consideration.

Sincerely,

John M. Hewitt, P.E.

HEWITT ENGINEERING, INC