

**AGENDA FOR MEETING OF  
THE CITY OF KERRVILLE, TEXAS  
ECONOMIC IMPROVEMENT CORPORATION  
Monday, April 18, 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. APPROVE MINUTES:**

4A. Approve minutes from joint meeting with Kerrville City Council on February 2, 2011. Pg. 1

4B. Approve minutes from regular EIC meeting held on February 21, 2011. Pg. 4

4C. Approve minutes from regular EIC meeting held on March 21, 2011. Pg. 8

**5. MONTHLY REPORTS:**

5A. Monthly financials for March 2011. Pg. 11

5B. EIC construction project status. Pg. 18

**6. INFORMATION AND DISCUSSION:**

6A. Update from the Hill Country Shooting Sports Center. (Burch)

6B. Discussion regarding Economic Development Strategic Plan following the April 12, 2011 City Council briefing. (Parton)

**7. CONSIDERATION AND ACTION:**

7A. Consideration and approval of the funding agreement amendment for Hewitt Engineering. (Hayes) Pg. 19

7B. 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)

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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: April 14, 2011 at 3:45 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Teri Kinsey  
Deputy City Secretary, City of Kerrville, Texas

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**8. EXECUTIVE SESSION:**

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

**9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**

**10. ADJOURNMENT**

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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

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MINUTES OF THE KERRVILLE CITY COUNCIL AND  
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION  
JOINT MEETING  
FEBRUARY 2, 2011

On February 2, 2011, the joint meeting of the Kerrville City Council and the Economic Improvement Corporation was called to order by Mayor Wampler at 10:00 a.m. in the city hall council chambers, 800 Junction Highway.

COUNCIL MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

COUNCIL MEMBER ABSENT:

Gene Allen	Councilmember
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EIC MEMBERS PRESENT:

Bill Crumrine	President
Alan Massey	Secretary
Rex Boyland	
Warren Ferguson	
Robert Miller	
Gregg Appel	

EIC MEMBER ABSENT:

Jack Pratt	Vice President
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STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Mindy Wendele	Director of Business Programs
Mike Erwin	Director of Finance

INFORMATION AND DISCUSSION WITH POSSIBLE ACTION:

Review of documents that established the economic improvement corporation board. The consensus was that a review was not necessary as the documents were provided in the agenda packet.

Mayor Wampler noted the citizens voted to increase the sales tax in 1995, resulting in the establishment of an EIC board, as an advisory board appointed by the city council, to assist in the distribution of those funds.

Review and discussion of state law with regard to 4B boards, funding, and project eligibility guidelines.

It was noted that a broad range of projects were eligible for EIC funding under state statute, including creation of new businesses, retention of existing businesses, job creation and retention, increasing sales tax base, as well as providing infrastructure to an area that had economic development potential.

EIC and Council discussed city staff's workload and the potential for creating conflicts in serving both boards whose goals and priorities sometimes differed.

Discussion of goals and projects.

It was noted that in the past EIC had been reactionary, responding to requests. It was the consensus of both bodies to create a plan and establish objectives to achieve that plan. Such a plan should consider the following points:

- Should not rely on Kerrville as a retirement community as demographics would change; also noted effects of the senior tax freeze.
- Should pursue the economic strategic plan funded by EIC several years ago, for example, pursue expansion of the medical industry.
- The convention center/multi-purpose meeting facility was a viable project; however, private investment was necessary to make it economically feasible.
- Kerrville was not a primary location for conventions for various reasons.
- EIC should be more proactive; invest EIC funds to achieve highest economic impact possible; however, competing and offering incentives could result in a net zero gain to the tax base.
- Achieve economic viability and increase tax base by attracting people to Kerrville; provide amenities people want to see in a community; be the place people want to visit and live in.
- Focus on improving the community's strengths and attributes, e.g. the river, downtown, lifestyle, infrastructure, parks, river trails, and a world class library.

Council noted lost business in the past due to lack of infrastructure to serve their requirements; the city should be prepared to provide services or businesses will locate elsewhere.

Methodologies used to fund qualifying projects.

Council and EIC discussed issuing EIC debt in 2011 and 2014 to fund capital infrastructure projects in areas that had economic development potential. EIC members were concerned that there would not be funds available to respond to other requests that may arise. Mayor Wampler noted that EIC expressed that there were no procedural impediments against the city making application to EIC to fund such projects; therefore, council stated that staff should bring items to EIC for discussion and consideration. The consensus of the Council and EIC was to prepare a funding plan in order to achieve the projects and goals discussed.

The EIC members left the meeting at 11:29 a.m.

**EXECUTIVE SESSION:**

Ms. Keeble moved for the city council to go into executive closed session under Section 551.071 (consultation with attorney of the Texas Government Code); the motion was seconded by Mr. Gross and passed 5-0 to discuss the following matter:

Section 551.071:

- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354.

At 11:29 a.m. the regular meeting recessed and council went into executive closed session at 11:45 a.m. At 12:20 p.m. the executive closed session recessed and council returned to open session at 12:21p.m. Mayor Wampler announced that no action had been taken in executive session.

**ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION:**

LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354

Mr. Gross moved to authorize the city attorney to move forward to appeal the decision of the Public Utility Commission. The motion was seconded by Mr. Motheral and passed 4-0.

**ADJOURNMENT.** The meeting adjourned at 12:22 p.m.

APPROVED: April 18, 2011

Bill Crumrine, President

ATTEST:

Brenda G. Craig, City Secretary

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

**REGULAR MEETING  
February 21, 2011**

On Monday, February 21, 2011, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Bill Crumrine, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

**Members Present:**

Bill Crumrine, President  
Jack Pratt, Vice President  
Gregg Appel  
Rex Boyland  
Warren Ferguson  
Robert Miller

**Members Absent:**

Alan Massey, Secretary

**Staff Present:**

Todd Parton, City Manager  
Kristine Ondrias, Assistant City Manager  
Mike Hayes, City Attorney  
Mindy Wendele, Director of Business Programs  
Mike Erwin, Director of Finance  
Kevin Coleman, Director of Development Services  
Mike Wellborn, Director of Engineering  
Sai Vongchampa, Purchasing Manager  
Teri Kinsey, Assistant to the City Secretary

2. **INVOCATION:** Given by President Bill Crumrine.

3. **VISITORS FORUM:** No one spoke

4. **APPROVE MINUTES:**

4A. January 11, 2011:

Mr. Pratt moved to approve the minutes of the January 11, 2011 meeting, Mr. Appel seconded; motion passed 5-0-1 with Messrs Crumrine, Pratt, Boyland, Ferguson, and Appel voted for; no one voted against; and Mr. Miller abstained.

4A. January 17, 2011:

Mr. Miller moved to approve the minutes of the January 17, 2011 meeting; Mr. Ferguson seconded; motion passed 4-0-2 with Messrs Crumrine, Pratt, Miller, and Ferguson voted for; no one voted against; and Mr. Boyland and Mr. Appel abstained.

5. **MONTHLY REPORTS:**

5A. Monthly financials for January 2011.

Mr. Ferguson moved to approve the January 2011 financials as presented; Mr. Pratt seconded; motion passed 6-0.

5B. EIC construction project status report.

Mr. Wellborn presented the January 2011 construction project status report. The construction report was accepted by consensus.

## **6. INFORMATION AND DISCUSSION:**

### **6A. Discussion concerning joint meeting held the Kerrville City Council and EIC on February 2, 2011.**

Mr. Miller asked about the progress of the plan agreed to at the joint meeting. Mr. Parton stated that a report was being prepared and will be available at the March EIC meeting. It was suggested that another joint meeting between the Kerrville City Council and the EIC Board should be scheduled.

### **6B. Update concerning the Economic Development Delegation's trip to Washington DC.**

Mr. Ferguson stated that the primary purposes of the trip to Washington were to encourage funding for the United States Department of Agriculture ("USDA") Knipling-Bushland Laboratory, at the cost of \$42 million, inform Senators and Representatives of the Economic Improvement Corporation's purchase of the 86 acres site for that facility and ask for a letter of recommendation for funding from the Texas congressional delegation for the project. Secondary purposes were seeking funding for the I-10 interchange at Town Creek and to suggest using part of the VA campus as an overflow site for the San Antonio Excellence Center. The seven who traveled to Washington were: Mayor David Wampler, KEDC Director, Ray Watson, City Manager, Todd Parton, Commissioner Guy Overby, Chamber of Commerce President, Bob Waller, KEDC President, Trevor Hyde, and EIC Representative, Warren Ferguson. The committee met with different members of congress, including Representatives Lamar Smith and Henry Cuellar, members of the ARS committee and Dr. Edward Knipling. According to the USDA ARS there was no plan to fund construction of this project at that time but having the site and design work done puts the project in the top 1/3 of 30 similar projects.

### **6C. Update concerning site visit from the State Comptroller's Office.**

Mindy Wendele reported that a representative from the State Comptroller's office could be present at the June meeting. It was suggested by the Comptroller's Office for EIC to host a regional meeting and invite surrounding Economic Development Entities to attend. The Board wanted a separate meeting with the representative to have specific questions answered.

### **6D. EIC Board appointment calendar and application.**

Mr. Crumrine reminded the Board that terms were to expire for Mr. Massey, Mr. Ferguson, Mr. Pratt, and himself on May 31, 2011 and applications for re-appointment could be picked up at the City Secretary's office.

### **6E. Town Creek Development presentation.**

Chuck Coleman presented to the Board a proposed plan for an I-10 access road through the Town Creek Development property in order to gain community support for this project. Mr. Coleman outlined the financing alternatives, methodology to estimate tax benefit, the benefits of access ramps, and estimated construction costs. The Board asked:

- Is the estimated \$19M in addition to the current taxes paid
- how many acres were available for development
- questioned the absorption period for this project
- if the \$11.5M included the north and south sides of the interchange

Mr. Coleman informed the Board that the \$19M was in addition to current taxes and that there were approximately 470 acres available for development. Mr. Coleman also

advised that this would be a 10 to 15 year project and that the estimated \$11.5M included both the north and south side of IH-10.

## **7. CONSIDERATION AND ACTION:**

### **7A. Presentation by City of Kerrville concerning a funding request for Harper Highway Utility Project.**

Kristine Ondrias presented to the Board a formal funding request for the Harper Highway Utility Project as directed by City Council. Ms. Ondrias reviewed the presentation from the December 2010 meeting and Mike Erwin presented the economic analysis. It was asked why this particular route was selected and Ms. Ondrias explained that the initial agreement was to provide services to James Avery and was the most direct and cost effective route. Dwayne Short spoke briefly about his plans to put an entertainment center at one of the locations along the proposed route. The line will service the Kerr-villa area but that was not the original purpose for extending service that direction. It was explained to the Board that people cannot tie on to the city's services without having their property annexed. Ms. Ondrias also pointed out that construction costs at an all-time low and now would be a good time to build. Mr. Parton explained that this was a project of high importance and the city would see immediate benefits for retail growth and that it would not possible to scale back on this development, which was expected to take approximately six months.

Mr. Miller moved to table this item until the March EIC meeting in order to view The Economic Development Strategic Plan; Mr. Pratt seconded, motion passed 6-0.

A recess was taken from 6:13 pm to 6:22 pm.

### **7B. Presentation by Christian Assistance Ministry concerning a funding request for expansion of existing facility.**

Daniel R. Sebesta resubmitted an application for EIC funds focusing on quality of life through involvement in client job searches, job training and creations of new jobs. Mike Hayes informed the Board that it was the recommendation of staff that even with these changes the application did not qualify under the 4B criteria.

Mr. Crumrine moved to decline Christian Assistance Ministry's application for EIC funds; Mr. Appel seconded, motion passed 6-0.

### **7C. Discussion concerning action taken at the January 17, 2011 EIC meeting relative to the Investment Policy.**

Mr. Crumrine moved to reconvene the Investment Policy Committee and have them meet to discuss certain issues and report back to the entire EIC Board at a later date, Mr. Boyland seconded; motion passed 6-0.

### **7D. 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.**

Mike Hayes explained to the Board that the USDA requested KEDF to sign a lease agreement with the understanding that KEDF would then assign that lease to EIC upon the transfer of the property. Mr. Hayes told the Board that he would not recommend signing the lease until he has a chance to meet with Steve Huser and KEDF's attorney to plan an approach to USDA. It was suggested by Mr. Huser to submit the lease and have it incorporated into the contract, EIC would assume the lease and contract and KEDF would assign the lease to EIC. Ultimately, EIC would have a piece of property

they would own, a 5 year lease, and if construction funding was made available an agreement would be made for the swap of the 34 acres on Hwy 16 for the 86 acres at the airport. The Board asked Mike Hayes to go into executive session, as it was not posted on the agenda to do so. The Board was allowed to go into executive session, asking Mindy Wendele and Teri Kinsey to leave council chambers.

**8. EXECUTIVE SESSION:**

Mr. Boyland moved that the Economic Improvement Corporation go into executive closed session under sections 551.071 (consultation with attorney) and 551.072 (deliberation regarding real property) of Chapter 551 of the Government Code of the State of Texas; Mr. Pratt seconded; motion passed 6-0 to discuss the following matters:

Sections 551.071 and 551.072:

- 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.

At 7:26 p.m. the regular meeting recessed and the Board went into executive closed session at 7:27 p.m. At 7:50 p.m. the executive closed session recessed and the Board returned to open session at 7:51 p.m. The chairman announced that no action had been taken in executive session.

**9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None**

**10. ADJOURNMENT:**

Mr. Pratt moved to adjourn the meeting; Mr. Ferguson seconded; motion passed 6-0. The meeting adjourned at 7:52 PM.

**APPROVED:** April 18, 2011

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Bill Crumrine, President

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Teri Kinsey, Deputy City Secretary

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

**REGULAR MEETING  
MARCH 21, 2011**

On Monday, March 21, 2011, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Bill Crumrine, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

**Members Present:**

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

**Members Absent:**

None

**Staff Present:**

Todd Parton, City Manager  
Mike Hayes, City Attorney  
Mindy Wendele, Director of Business Programs  
Mike Erwin, Director of Finance  
Sai Vongchampa, Purchasing Manager  
Teri Kinsey, Assistant to the City Secretary

2. **INVOCATION:** Given by President Bill Crumrine.

3. **VISITORS FORUM:** No one spoke

4. **MONTHLY REPORTS:**

4A. Monthly financials for February 2011.

Mr. Pratt moved to approve the February 2011 financials as presented; Mr. Ferguson seconded; motion passed 7-0.

4B. EIC construction project status report.

Mr. Erwin presented the February 2011 construction project status report. The construction report was accepted by consensus.

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.

Rex Boyland's questions concerning the investment policy would be answered at the first review meeting, as per the investment policy, to be considered for approval by City Council at the April 12, 2011 city council meeting.

5B. Update on Pinto Trail Project.

Parker Harrison presented an update on the Pinto Trail Project stating the preliminary plat will go before the Planning and Zoning Commission on April 7, 2011, engineering work was being reviewed, HCHOC will be accepting bids for the infrastructure, and approximately \$14,000 of the total amount granted to the Hill Country Home Opportunity Council last year has been spent. The infrastructure work should begin in April.

5C. Update from the Kerrville Economic Development Corporation.

Ray Watson, Director of the Kerrville Economic Development Corporation, introduced himself to the Board and gave background information about his work history and education. Mr. Watson invited each member of the Board to speak with him on an individual basis and advised his door was always open. The Board asked when the quarterly reports from KEDC would begin; Mr. Watson advised that within the next month and a half EIC would receive the first report. Mr. Watson also stated that the KEDC is backing the strategic plan presented by the city and that they have started their own branding process as of March 21, 2011.

**6. CONSIDERATION AND ACTION:**

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

Todd Parton presented the Economic Development Strategy outlining the Scope of Place, Quality of Place and Core Infrastructure. Mr. Parton explained that Kerrville's economic development strategy should be scheduled to accommodate short-term, medium-term, and long-term objectives. It was Mr. Parton's recommendation that no more than 50% of 4B revenues to debt service that exceeds 10 years, which will accommodate larger-scale projects while preserving a substantial amount of operating capital each year. The Board asked the following questions:

- How will the riverside property be utilized for job and retail creation
- How did the city justify allotting \$2M toward the Nature Center area
- How does the city plan on funding clean-up after flooding and the time frame
- What is the prioritizing of these projects
- Where is the job creation in this proposal

Mr. Parton outlined an excerpt from the updated Kerrville Comprehensive Plan 2002 that explained the use of land to promote growth and guide future development, maintain and improve parks and recreational areas and to make the river the focus of Kerrville, including maintaining and clean-up after any flooding that might occur. The draft strategic plan was designed to be a starting point for a course of discussion between City Council and EIC and will be presented to City Council on April 12, 2011; a workshop between City Council and EIC will be scheduled for late April or May. The Board requested that the strategic plan approved in 2008 be provided in order to compare with the current draft and a detailed agenda and packet be available for the future workshop.

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

John Hewitt informed the Board that the remodeling project at 716 Barnett has been completed and he was requesting reimbursement of \$8,000 along with an amendment for an additional \$2,000. Mr. Hewitt advised the Board the original contractor was unable to complete the project and a different contractor had to be hired for an additional cost.

Mr. Massey moved to direct staff to prepare an amendment to the original funding agreement for reimbursement of an additional \$2,000; Mr. Ferguson seconded, motion passed 6-0-1 with Messrs Crumrine, Pratt, Boyland, Massey, Ferguson, and Miller voted for; no one voted against; and Mr. Appel abstained.

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.

It was the recommendation of staff that The Board go into executive session for discussion of this matter.

**8. EXECUTIVE SESSION:**

Mr. Pratt moved that the Economic Improvement Corporation go into executive closed session under sections 551.071 (consultation with attorney) and 551.072 (deliberation regarding real property) of Chapter 551 of the Government Code of the State of Texas; Mr. Appel seconded; motion passed 7-0 to discuss the following matters:

Sections 551.071 and 551.072:

- 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.

At 5:41 p.m. the regular meeting recessed and the Board went into executive closed session at 5:48 p.m. At 6:21 p.m. the executive closed session recessed and the Board returned to open session at 6:22 p.m. The chairman announced that no action had been taken in executive session.

**9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None**

**10. ADJOURNMENT:**

Mr. Pratt moved to adjourn the meeting; Mr. Appel seconded; motion passed 7-0. The meeting adjourned at 6:24 PM.

**APPROVED:** April 18, 2011

\_\_\_\_\_  
Bill Crumrine, President

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Teri Kinsey, Deputy City Secretary

CITY OF KERRVILLE  
Economic Improvement Corporation  
Sales Tax Improvement Fund

<b>Cash Balance as of March 1, 2011</b>			<b>\$ 2,119,959</b>
Deposits:			
Sales Tax	\$	169,754	
Interest Revenue	\$	1,134	
Transfer In			
		\$	170,888
Expenses:			
Office Supplies	\$	-	
Legal Services	\$	185	
Administrative Service Fee	\$	6,250	
Special Services - Category 1			
Special Services - Category 2	\$	-	
Transfer for Debt Service	\$	42,083	
Total Expenses	\$	48,518	
Revenues Over (Under) Expenditures			\$ 122,371
<b>Ending Cash Balance as of March 31, 2011</b>			<b>\$ 2,242,328</b>

City of Kerrville  
Economic Improvement Corporation  
Sales Tax Improvement Fund - Revenue and Expense Statement  
For the month ending March 31, 2011

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 2,228,924		\$ 2,228,924		
<b>REVENUE:</b>					
Sales and Use Tax	\$ 2,250,000	\$ 169,754	\$ 1,167,934	51.91%	\$ 1,082,066
Interest	\$ -	\$ 1,134	\$ 7,005	#DIV/0!	\$ (7,005)
Transfer In			\$ 9,188		
<b>TOTAL REVENUE</b>	<b>\$ 2,250,000</b>	<b>\$ 170,888</b>	<b>\$ 1,184,127</b>	<b>52.63%</b>	<b>\$ 1,075,061</b>

	Annual Budget	Current Period	Y-T-D Actual & Encumbrance	% of Budget	Budget Balance
<b>EXPENDITURES:</b>					
<b>Administrative</b>					
Advertising	\$ -	\$ 185	\$ 225	-	\$ (225)
Transfer to Debt Service Fund	\$ 505,000	\$ 42,083	\$ 252,500	50.00%	\$ 252,500
Economic Development Governing Body	\$ 225,000		\$ 225,000	100.00%	\$ -
Annual Disclosure Fee		\$ -			\$ -
Administrative Services Fee	\$ 75,000	\$ 6,250	\$ 37,500	50.00%	\$ 37,500
<b>Total Administrative</b>	<b>\$ 805,000</b>	<b>\$ 48,518</b>	<b>\$ 515,225</b>	<b>64.00%</b>	<b>\$ 289,775</b>
<b>Category I - Business Development</b>					
Hill Country Shooting Center			\$ 494,838	100.00%	\$ (494,838)
Commercial Improve Pilot Program			\$ 50,000	100.00%	\$ (50,000)
USDA			\$ 110,659		
Unspecified	\$ 781,000	\$ -		0.00%	\$ 781,000
<b>Total Category I</b>	<b>\$ 781,000</b>	<b>\$ -</b>	<b>\$ 655,497</b>	<b>100.00%</b>	<b>\$ 236,162</b>
<b>Category II - Quality of Life</b>					
Schreiner University Project	\$ -	\$ -		#DIV/0!	\$ -
Hill Country Home Opportunity Program	\$ -			100.00%	\$ -
Category II Unspecified	\$ 82,000			0.00%	\$ 82,000
<b>Total Category II</b>	<b>\$ 82,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ 82,000</b>
<b>Category III - Public Infrastructure</b>					
Unspecified Projects	\$ 82,000			0.00%	\$ 82,000
<b>Total Category III</b>	<b>\$ 82,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ 82,000</b>
<b>Contingency</b>	\$ 500,000			0.00%	\$ 500,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,250,000</b>	<b>\$ 48,518</b>	<b>\$ 1,170,722</b>	<b>52.03%</b>	<b>\$ 1,189,937</b>
<b>NET REVENUES TO EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 122,371</b>	<b>\$ 13,405</b>		

**ENDING CASH BALANCE: March 31, 2011**      Budget      Actual  
\$ 2,228,924      \$ 2,242,328

	Pro Forma				
	2011	2012	2013	2014	2015
<b>Beginning Cash Balance</b>	\$ 2,228,924	\$ 2,252,924	\$ 3,612,374	\$ 4,993,537	\$ 6,822,180
<b>Revenue</b>					
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
<b>Total Revenue</b>	<b>\$ 2,274,000</b>	<b>\$ 2,297,700</b>	<b>\$ 2,321,685</b>	<b>\$ 2,345,960</b>	<b>\$ 2,370,531</b>
<b>Expense</b>					
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	
<b>Total Expenditure</b>	<b>\$ 2,250,000</b>	<b>\$ 938,250</b>	<b>\$ 940,523</b>	<b>\$ 517,318</b>	<b>\$ 309,136</b>
<b>Revenue over Expense</b>	<b>\$ 24,000</b>	<b>\$ 1,359,450</b>	<b>\$ 1,381,163</b>	<b>\$ 1,828,643</b>	<b>\$ 2,061,395</b>
<b>Ending Cash Balance</b>	<b>\$ 2,252,924</b>	<b>\$ 3,612,374</b>	<b>\$ 4,993,537</b>	<b>\$ 6,822,180</b>	<b>\$ 8,883,575</b>

CITY OF KERRVILLE  
Economic Improvement Corporation  
Sales Tax Debt Service Fund

<b>Cash Balance as of March 1, 2011</b>		<b>\$ 154,249</b>
Revenues:		
Transfer from Sales Tax Improvements Fund	<u>\$ 42,083</u>	
Total Deposits	<u>\$ 42,083</u>	
Expenses:		
Paying Agent Fee	\$ -	
Bond Principal	\$ -	
Bond Interest	\$ -	
Total Expenses	<u>\$ -</u>	
Revenues Over (Under) Expenditures:		<u>\$ 42,083</u>
<b>Ending Cash Balance as of March 31, 2011</b>		<b><u><u>\$ 196,332</u></u></b>

CITY OF KERRVILLE  
Economic Improvement Corporation  
Sales Tax Debt Service Fund  
Revenue and Expense Statement  
For the month ending March 31, 2011

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 411,596		\$ 411,596		
<b>REVENUE:</b>					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 42,083	\$ 252,500	50.00%	\$ 252,500
Return of Equity - Park Lane Extension	\$ -			100.00%	\$ -
<b>TOTAL REVENUE</b>	\$ 505,000	\$ 42,083	\$ 252,500	50.00%	\$ 252,500
<b>EXPENDITURES:</b>					
Series 1999 Sales Tax Bond Debt Service	\$ 425,000	\$ -	\$ 425,000	100%	\$ -
Series 1999 Sales Tax Bond Interest Expense	\$ 73,859	\$ -	\$ 41,764	57%	\$ 32,095
Paying Agent Fees	\$ 1,000	\$ -	\$ 1,000	100%	\$ -
First Southwest Continuing Disclosure Fee	\$ -	\$ -		-	\$ -
<b>TOTAL EXPENDITURES</b>	\$ 499,859	\$ -	\$ 467,764	93.58%	\$ 32,095
<b>ENDING CASH BALANCE: March 31, 2011</b>	Budget \$ 416,737		Actual \$ 196,332		

	<b>Pro Forma</b>				
	2011	2012	2013	2014	2015
<b>Beginning Cash Balance</b>	\$ 411,596	\$ 413,237	\$ 414,671	\$ 416,671	\$ 95
<b>Revenue</b>					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 505,000	\$ 505,000	\$ 84,200	\$ -
<b>Total Revenue</b>	\$ 505,000	\$ 505,000	\$ 505,000	\$ 84,200	\$ -
<b>Expenditures:</b>					
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	\$ -
<b>Total Expenditure</b>	\$ 503,359	\$ 503,566	\$ 502,748	\$ 500,776	\$ -
Revenue over expenditures	\$ 1,641	\$ 1,434	\$ 2,252	\$ (416,576)	\$ -
<b>Ending Cash Balance</b>	\$ 413,237	\$ 414,671	\$ 416,923	\$ 95	\$ 95

CITY OF KERRVILLE  
Economic Improvement Corporation  
EIC Capital Projects Fund

<b>Cash Balance as of March 1, 2011</b>		<b>\$</b>	<b>1,897,268</b>
Revenues:			
Transfer In	\$		-
Total Revenues/Transfer In	\$		-
Expenses:			
Services			
Special Services			
Hill Country Shooting Sports Center			19,062
Harper Road Utility Extension	\$		8,920
Salvation Army Center	\$		22
	\$		<u>28,002</u>
Capital Outlay			
Capital Outlay Total			-
Transfer Out			
Total Expenses	\$		28,002
Revenue Over (Under) Expenditures		\$	<u>(28,002)</u>
<b>Ending Cash Balance as of March 31, 2011</b>		<b>\$</b>	<b><u><u>1,869,265</u></u></b>

**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	\$ 1,906,169	\$ 1,246,226	-
2007/08	Salvation Army Kroc Center	FA 2008-011	\$ 500,000	\$ 500,000		\$ 500,000	\$ 438,582	\$ 61,418	-
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	\$ (0)	\$ (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		\$ 494,833	\$ 211,228	\$ 283,605	-
<b>TOTALS</b>			<b>\$ 4,779,725</b>	<b>\$ 4,465,352</b>	<b>\$ 302,396</b>	<b>\$ 4,767,743</b>	<b>\$ 2,907,217</b>	<b>\$ 1,860,526</b>	<b>314,373</b>

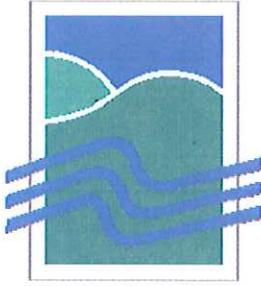
Cash Balance on 3/31/2011: \$ 1,869,265

\* Funding moved as payment becomes due

Unallocated cash available: \$ 8,738

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	\$ 169,754	\$ 19,132	12.70%
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			
<b>Total</b>	<b>\$ 2,483,129</b>	<b>\$ 2,508,562</b>	<b>\$ 2,243,991</b>	<b>\$ 2,250,324</b>	<b>\$ 1,167,933</b>	<b>\$ 33,166</b>	<b>2.92%</b>



**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: April 7, 2011

SUBJECT: April, 2011 CIP Update for EIC Funded Projects

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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 75% of their construction contract. Raba Kistner has invoice & been paid 19% 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). Additional railing has been added to the project and is currently under construction by Brydson Welding under a separate contract.

**FIRST AMENDMENT TO ECONOMIC DEVELOPMENT GRANT AGREEMENT BETWEEN HEWITT ENGINEERING, INC. AND THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION**

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT GRANT AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by and between Hewitt Engineering, Inc. ("Hewitt"), and the City of Kerrville, Texas Economic Improvement Corporation ("Corporation"), 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 October 18, 2010, Hewitt and Corporation entered into that certain agreement titled *Economic Grant Agreement between Hewitt Engineering, Inc. and the City of Kerrville, Texas, Economic Improvement Corporation* (the "Grant Agreement") in which Corporation agreed to provide to Hewitt an amount up to and not to exceed \$8,000.00 in Corporation's sales tax revenues to be used to renovate a building within the downtown business district for the future use as an engineering office (the "Project"); and

**WHEREAS**, the Grant Agreement provided that Hewitt would complete construction of the Project on or before January 31, 2011, which Hewitt accomplished; and

**WHEREAS**, due to circumstances which required a change of contractors and increased costs, which were beyond Hewitt's control, Hewitt has requested that the EIC grant it an additional \$2000.00, which amount, when added to the original grant, remains within the funding threshold for the EIC's Commercial Project Program; and

**WHEREAS**, Corporation finds that it is in the public interest to amend the Grant Agreement as requested by the Hewitt, to increase the amount of grant funding provided to Hewitt by \$2000.00;

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

1. Paragraph A under Article I of the Grant Agreement is amended with deletions indicated by ~~strikeout~~ text and additions indicated by underlined text as follows:

**"ARTICLE I.  
EIC'S OBLIGATIONS**

- A. EIC hereby grants to Hewitt Ten Eight Thousand and No/100 Dollars (\$108,000.00) ("Grant") from 4B Revenues for costs related to the construction of improvements to the building located at 716 Barnett, Kerrville, Texas, 78028 (the "Property"). Hewitt will use this building as professional offices for an engineering firm. The Grant represents an amount which is slightly less than 20% of the total costs for

the Project. Hewitt agrees that should the costs be reduced for any reason, EIC may reduce the Grant in accordance with the Program's funding limitations."

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

HEWITT ENGINEERING, INC.

\_\_\_\_\_  
William Crumrine, President

\_\_\_\_\_  
John Hewitt, President

ATTEST:

\_\_\_\_\_  
Alan Massey, Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Michael C. Hayes, City Attorney

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