

**AGENDA FOR ANNUAL MEETING**

**CITY OF KERRVILLE, TEXAS**

**ECONOMIC IMPROVEMENT CORPORATION**

**MONDAY, June 18, 2012, 4:00 P.M.**

**KERRVILLE CITY HALL COUNCIL CHAMBERS**

**800 JUNCTION HIGHWAY, KERRVILLE, TEXAS**

**AGENDA FOR ANNUAL MEETING OF THE  
CITY OF KERRVILLE, TEXAS  
ECONOMIC IMPROVEMENT CORPORATION  
MONDAY, JUNE 18, 2012, 4:00 P.M.  
KERRVILLE CITY HALL COUNCIL CHAMBERS  
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS**

**CALL TO ORDER**

**INVOCATION**

**1. VISITORS/CITIZENS FORUM:**

Any citizen 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 their presentation to three minutes.

**2. APPROVAL OF THE MINUTES:**

2A. Minutes of the regular meeting held May 21, 2012, and the special meeting held on June 12, 2012.

**3. ANNOUNCEMENT OF NEW ECONOMIC IMPROVEMENT CORPORATION OFFICERS:**

3A. Announcement of 2012-13 Economic Improvement Corporation Officers as elected on June 12, 2012. (Wendele)

**4. MONTHLY REPORTS:**

4A. Monthly financials for May 2012.

4B. Capital project update.

**5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Nature Blinds, LLC's request for funding of a business expansion project. (Wendele)

5B. A possible Kerrville-EIC.org website.

5C. Lease with the United States Department of Agriculture to graze cattle on property owned by the Kerrville Economic Improvement Corporation (EIC) located at 300 Peterson Farm Road.

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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 830-258-1117 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: June 15, 2012, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

\_\_\_\_\_  
Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

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

6A. The following topics from Joint Council/EIC meeting held on June 12, 2012(Wendele):

- Scott Schreiner Municipal Golf Course pavilion and parking improvements;
- Soccer field(s) improvement;
- Baseball/softball sports complex;
- Downtown Wi-Fi;
- Downtown boardwalk project;
- Airport Commerce Park vacant industrial site inventory within the city;
- Utility infrastructure for potential new company (KEDC prospect);
- Incentive package for hotel/conference center;
- Tuscany Development road between SH16 and SH173; and
- Investment in making Kerrville safer and friendlier to bicyclists and pedestrians.

6B. Update regarding River Trail and Parks projects. (Rickert)

6C. Update on Kerrville Economic Development Corporation. (Wampler)

6D. Update regarding "Go" Team activities. (Wendele)

## **7. EXECUTIVE SESSION:**

The Economic Improvement Corporation Board of Directors reserves the right to adjourn into executive session at any time to discuss any of the matters listed as permitted by law 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.

## **8. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**

## **9. ADJOURNMENT**

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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: June 15, 2012 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown  
Deputy City Secretary, City of Kerrville, Texas

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## **Agenda Item:**

2A. Minutes of the regular meeting held May 21, 2012, and the special meeting held on June 12, 2012.

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

**May 21, 2012**

On Monday, May 21, 2012, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Gregg Appel, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

**Members Present:**

Gregg Appel, President  
Kenneth Early, Vice President  
Rex Boyland, Secretary (arrived at 4:10 p.m.)  
Gary Cochrane  
Larry Howard  
Stacie Keeble  
Polly Rickert

**Members Absent:**

None

**City Staff Present:**

Mike Hayes, City Attorney  
Cheryl Brown, Administrative Assistant to the City Secretary  
Kristine Ondrias, Assistant City Manager  
Mike Erwin, Director of Finance  
Sai Vongchampa, Budget/Purchasing Manager  
Mindy Wendele, Director of Business Programs  
Malcolm Matthews, Director of Parks and Recreation  
Travis Cochrane, IT Director

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

**INVOCATION:** Given by President Gregg Appel.

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

2. **APPROVAL OF THE MINUTES:**

2A. Minutes of the regular meeting held April 16, 2012. Mr. Howard moved for approval of the minutes of April 16, 2012; Mr. Early seconded the motion and it passed 6-0. Mr. Boyland had not arrived when the vote was taken.

3. **MONTHLY REPORTS:**

3A. Monthly financials for April 2012. Mr. Vongchampa reported: \$185,835 received in Sales tax revenue in April. Total expenditures were \$600,417.00, including \$250,000 for the Harper Highway Extension Project Phase Two, which was the last payment; and \$300,000 to Fox Tank, the first of two payments. The ending cash balance as of April 30, 2012 was \$1,435,521. Mr. Vongchamps reported there was \$185,835 in sales tax revenue collected in April 2012, which was 11% higher than April, 2011. The year to date sales tax revenue at the end of April was \$1,472,982, which

was 14% higher than 2011. He reported that Harper Highway Extension Phase I, Salvation Army Kroc Center and Alamo Workforce projects were closed out in April, with an approximate \$319,000 returned to EIC from those projects. Mr. reported that in 2007 - 2008 EIC funded an Airport Runway Project: that project closed, with approximately \$111,000 left over. The Airport Board requested a letter from EIC stating their request for disposition of the remaining funds. Mr. Erwin reported that the Texas Department of Transportation paid 90% of the project, with EIC, the City of Kerrville and Kerr County paying 10%. The amount paid by EIC was approximately \$543,000, and the City and County paid \$389,000 each.

Mr. Appel asked Mr. Erwin to review the original funding agreement to determine if there was any language regarding excess funds, and report at the next EIC meeting. Mr. Howard moved to approve the monthly financials. Stacie Keeble seconded, and the motion was passed 7-0.

3B. Capital project update. Ms. Wendele reported:

Harper Highway Project Phase I: Was closed in the April budget amendment, excess funds were to be returned to EIC.

Harper Highway Project Phase II: Construction was to begin in June.

Salvation Army Kroc Center: Was closed in the April budget amendment, excess funds were to be returned to EIC.

Hill Country Shooting Center: Bill Thomas, Vice President of the Board of Directors for the Hill Country Shooting Center reported: Olympic trials were held at the Shooting Center, with six girls qualifying; five of the six girls had a Kerrville connection. Mr. Thomas reported that there was much interest in the Shooting Center as a venue for future shooting events.

Hill Country Home Opportunity: Teresa Offutt, Hill Country Home Opportunity director, reported that since March, nine applications were distributed, four were returned; One application was approved, and the lot has been selected.

#### **4. INFORMATION AND DISCUSSION:**

4A. Update regarding River Trail and Parks projects (Rickert).

Mr. Matthews presented an update on the River Trail and Parks projects; bids were opened on April 17, 2012, and the groundbreaking was on April 28, 2012. Westar Construction, Georgetown, Texas; and construction is underway.

4B. Update from the Kerrville Economic Development Corporation (KEDC)

Mr. Appel noted that interviews were underway for a new director, and Don Barnett, President of KEDC, was acting as interim director. Fox Tank was in production; the real estate documents had been completed, and closed, and the buildings had been delivered.

4C. Update regarding "Go" Team activities. (Wendele)

Ms. Wendele reported that a presentation would be at the June EIC meeting.

**5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Lease with the USDA to graze cattle on the Kerrville Economic Improvement Corporation (EIC) owned property located at 300 Peterson Farm Road:

Mr. Parton reported he was waiting for the details of the lease to be determined, and that it should be completed within 2-3 weeks. Mr. Parton reported that it was his understanding that it would be a year-to-year lease with termination language added.

5B. Joint meeting with the City Council on May 30, 2012:

Ms. Wendele reported that the May 30, 2012 date was not going to work for the City Council. Ms. Wendele suggested the dates of June 11, June 12 and June 18, 2012. The EIC chose June 12, 2012 at 9:00 a.m. Ms. Wendele stated she would contact the City Council and attempt to schedule the meeting at that time.

**6. EXECUTIVE SESSION:** None.

**7. ADJOURNMENT**

Mr. Howard moved to adjourn, Mr. Boyland seconded the motion, and it was approved 7-0; the meeting was adjourned at 4:55 p.m.

APPROVED: \_\_\_\_\_, 2012

\_\_\_\_\_  
Gregg Appel, President

ATTEST:

\_\_\_\_\_  
Cheryl Brown  
Administrative Assistant to the City Secretary

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

**June 12, 2012**

On Tuesday, June 12, 2012, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 8:32 a.m. by Kenneth Early, Vice-President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

**Members Present:**

Kenneth Early, Vice-President  
Gary Cochran  
Larry Howard  
Stacie Keeble (arrived at 8:37 a.m.)  
Polly Rickert  
David Wampler

**Member Absent:**

Rex Boyland

**City Staff Present:**

Todd Parton, City Manager  
Mike Hayes, City Attorney  
Cheryl Brown, Administrative Assistant to the City Secretary  
Kristine Ondrias, Assistant City Manager  
Mike Erwin, Director of Finance  
Mindy Wendele, Director of Business Programs  
Travis Cochran, Director of Informational Technology  
Charlie Hastings, Director of Public Works  
Kim Meisner, Director of General Operations

**Visitors Present:** No visitors were present.

**INVOCATION:** Given by Kenneth Early

**1. CONSIDERATION AND POSSIBLE ACTION**

1A. Election of Officers: President; Vice President; Secretary.

1B. Appointment of an EIC member to the Kerrville Economic Development Corporation.

**2. EXECUTIVE SESSION:**

Mr. Early moved to convene in executive session under Section 551.074 (personnel matters) of the Texas Government Code; the motion was seconded by Mr. Howard and passed 5-0 (Mrs. Keeble arrived after the vote was taken) to discuss the following matters:

Section 551.074:

- Election of Officers: President, Vice President and Secretary.
- Appointment to the Kerrville Economic Improvement Corporation

At 8:35 a.m. the regular meeting recessed and EIC went into executive closed session. At 8:43 a.m. the executive closed session recessed and EIC returned to open session at 8:43 a.m. Mr. Early announced that no action had been taken in executive session.

**3. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:**

1A. Election of Officers:

Mr. Cochrane moved to nominate David Wampler as President, Kenneth Early as Vice President, and Rex Boyland as Secretary. Mr. Howard seconded, and the motion was passed 6-0.

1B. Appointment of an EIC member to the Kerrville Economic Development Corporation

Mr. Cochrane moved to appoint David Wampler to as the EIC's representative to the Kerrville Economic Development Corporation. Mr. Howard seconded, and the motion was passed 6-0.

**3. ADJOURNMENT**

Mr. Howard moved to adjourn, Ms. Rickert seconded the motion, and it was approved 6-0; the meeting was adjourned at 8:43 a.m.

APPROVED: \_\_\_\_\_, 2012

\_\_\_\_\_  
David Wampler, President

ATTEST:

\_\_\_\_\_  
Cheryl Brown  
Administrative Assistant to the City Secretary

## **Agenda Item:**

3A. Announcement of 2012-13 Economic Improvement Corporation Officers as elected on June 12, 2012.

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

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**SUBJECT:** Announcement of 2012-13 Economic Improvement Corporation  
Officers

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 12, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**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>\$</b>	<b>\$</b>	<b>\$</b>	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

As a requirement of the Economic Improvement Corporation's Articles of Incorporation the board must hold an annual meeting each June. At the annual meeting officers must be elected. The offices include President, Vice-President and Secretary.

At a special called meeting of the Economic Improvement Corporation on June 12, 2012 the following officers were elected:

President	David Wampler
Vice-President	Kenneth Early
Secretary	Rex Boyland

**RECOMMENDED ACTION**

Slate of officers be read and entered into the minutes.

## **Agenda Item:**

4A. Monthly financials for May 2012.

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

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**SUBJECT** EIC Financials

**FOR AGENDA OF:** June 18, 2012

**DATE SUBMITTED:** June 15, 2012

**SUBMITTED BY:** Mike Erwin   
Director of Finance

**CLEARANCES:**

**EXHIBITS:** Monthly financials

**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>
\$	\$	\$	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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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

<b>Cash Balance as of May 1, 2012</b>		<b>\$ 1,560,521</b>
Deposits:		
Sales Tax	\$ 223,320	
Interest Revenue	\$ 559	
Transfer from Completed Projects	<u>\$ 319,214</u>	
	\$ 543,093	
Expenses:		
Office Supplies	\$ -	
Public Notice	\$ -	
Administrative Service Fee	\$ 8,333	
Special Services - Category 1		
Special Services - Category 2		
Transfer for Debt Service	<u>\$ 42,083</u>	
Total Expenses	\$ 50,417	
Revenues Over (Under) Expenditures		<u>\$ 492,678</u>
<b>Ending Cash Balance as of May 31, 2012</b>		<b><u><u>\$ 2,053,198</u></u></b>
Assigned Fund Balance - Park Improvements		\$ 150,000
<b>Ending Cash Balance Available as of May 31, 2012</b>		<b>\$ 1,903,198</b>

City of Kerrville  
Economic Improvement Corporation  
Sales Tax Improvement Fund - Revenue and Expense Statement  
For the month ending May 31, 2012

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 3,148,386	\$ 3,148,386	\$ 3,148,386		
<b>REVENUE:</b>					
Sales and Use Tax	\$ 2,433,897	\$ 223,320	\$ 1,696,303	69.69%	\$ 737,594
Interest	\$ 7,377	\$ 559	\$ 6,177	83.73%	\$ 1,200
Transfer In		\$ 319,214	\$ 319,214		
<b>TOTAL REVENUE</b>	<b>\$ 2,441,274</b>	<b>\$ 543,093</b>	<b>\$ 2,021,694</b>	<b>82.81%</b>	<b>\$ 738,794</b>

	Annual Budget	Current Period	Y-T-D Actual & Encumbrance	% of Budget	Budget Balance
<b>EXPENDITURES:</b>					
<b>Administrative</b>					
Advertising	\$ 100		\$ 112	-	\$ (12)
Transfer to Debt Service Fund	\$ 595,000	\$ 42,083	\$ 336,667	56.58%	\$ 258,333
Economic Development Governing Body	\$ 175,000	\$ -	\$ 175,000	100.00%	\$ -
Annual Disclosure Fee	\$ 3,400		\$ -		\$ 3,400
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 66,667	66.67%	\$ 33,333
<b>Total Administrative</b>	<b>\$ 873,500</b>	<b>\$ 50,416</b>	<b>\$ 578,445</b>	<b>66.22%</b>	<b>\$ 295,055</b>
<b>Category I - Business Development</b>					
Hill Country Shooting Center			\$ -	100.00%	\$ -
Commercial Improve Pilot Program	\$ 50,000		\$ -	100.00%	\$ 50,000
Fox Tank	\$ 600,000		\$ 300,000		
Downtown Underground Utilities	\$ 300,000				
USDA			\$ 1,138,436		
Unspecified	\$ 777,725			0.00%	\$ 777,725
<b>Total Category I</b>	<b>\$ 1,727,725</b>	<b>\$ -</b>	<b>\$ 1,438,436</b>	<b>100.00%</b>	<b>\$ 827,725</b>
<b>Category II - Quality of Life</b>					
Schreiner University Project	\$ -	\$ -			\$ -
Hill Country Home Opportunity Program	\$ -		\$ 100,000	100.00%	\$ -
River Trail	\$ 250,000	\$ 25,000	\$ 150,000		
Category II Unspecified	\$ -			0.00%	\$ -
<b>Total Category II</b>	<b>\$ 250,000</b>	<b>\$ 25,000</b>	<b>\$ 250,000</b>	<b>100.00%</b>	<b>\$ -</b>
<b>Category III - Public Infrastructure</b>					
Harper Hwy Extension	\$ 1,000,000		\$ 1,000,000	100.00%	\$ -
<b>Total Category III</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>100.00%</b>	<b>\$ -</b>
<b>Contingency</b>	\$ -			#DIV/0!	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,851,225</b>	<b>\$ 75,416</b>	<b>\$ 3,266,881</b>	<b>84.83%</b>	<b>\$ 1,122,780</b>
<b>NET REVENUES TO EXPENDITURES</b>	<b>\$ (1,409,950)</b>	<b>\$ 467,678</b>	<b>\$ (1,245,188)</b>		

	Budget	Actual
<b>ENDING CASH BALANCE: May 31, 2012</b>	<b>\$ 1,738,435</b>	<b>\$ 1,903,198</b>

	Pro Forma				
	2012	2013	2014	2015	2016
<b>Beginning Cash Balance</b>	\$ 1,909,950	\$ 500,000	\$ 2,188,596	\$ 4,031,046	\$ 5,935,496
<b>Revenue</b>					
Sales Tax	\$ 2,433,897	\$ 2,458,236	\$ 2,482,818	\$ 2,507,647	\$ 2,532,723
Interest	\$ 7,377	\$ 7,746	\$ 8,133	\$ 8,540	\$ 8,967
<b>Total Revenue</b>	<b>\$ 2,441,275</b>	<b>\$ 2,465,982</b>	<b>\$ 2,490,951</b>	<b>\$ 2,516,186</b>	<b>\$ 2,541,690</b>
<b>Expense</b>					
Special Services	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Promo (ED Gov)	\$ 175,000	\$ -		\$ -	\$ 175,000
Administrative Services-City	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Commercial Improvement Program	\$ -				
Other/Unspecified	\$ 2,977,725	\$ -	\$ -	\$ -	\$ -
Debt Service Transfer	\$ 595,000	\$ 673,886	\$ 545,001	\$ 508,236	\$ 511,386
<b>Total Expenditure</b>	<b>\$ 3,851,225</b>	<b>\$ 777,386</b>	<b>\$ 648,501</b>	<b>\$ 611,736</b>	<b>\$ 789,886</b>
<b>Revenue over Expense</b>	<b>\$ (1,409,950)</b>	<b>\$ 1,688,596</b>	<b>\$ 1,842,450</b>	<b>\$ 1,904,450</b>	<b>\$ 1,751,804</b>
	\$ -				
<b>Ending Cash Balance</b>	<b>\$ 500,000</b>	<b>\$ 2,188,596</b>	<b>\$ 4,031,046</b>	<b>\$ 5,935,496</b>	<b>\$ 7,687,300</b>

CITY OF KERRVILLE  
Economic Improvement Corporation  
Sales Tax Debt Service Fund

<b>Cash Balance as of May 1, 2012</b>		<b>\$ 233,226</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 May 31, 2012</b>		<b><u><u>\$ 275,309</u></u></b>

CITY OF KERRVILLE  
Economic Improvement Corporation  
Sales Tax Debt Service Fund  
Revenue and Expense Statement  
For the month ending May 31, 2012

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 416,738		\$ 416,738		
<b>REVENUE:</b>					
Transfer from Sales Tax Improvement Fund	\$ 505,000	\$ 42,083	\$ 336,667	66.67%	\$ 168,333
Return of Equity - Park Lane Extension	\$ -			100.00%	\$ -
<b>TOTAL REVENUE</b>	\$ 505,000	\$ 42,083	\$ 336,667	66.67%	\$ 168,333
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>EXPENDITURES:</b>					
Series 1999 Sales Tax Bond Debt Service	\$ 445,000	\$ 445,000	\$ 445,000	100%	\$ -
Series 1999 Sales Tax Bond Interest Expense	\$ 54,066	\$ 32,095	\$ 32,095	59%	\$ 21,971
Paying Agent Fees	\$ 1,000	\$ 1,000	\$ 1,000	100%	\$ -
First Southwest Continuing Disclosure Fee	\$ -	\$ -	\$ -	-	\$ -
<b>TOTAL EXPENDITURES</b>	\$ 500,066	\$ 478,095	\$ 478,095	95.61%	\$ 21,971
<b>ENDING CASH BALANCE: May 31, 2012</b>	<b>Budget</b> \$ 421,672		<b>Actual</b> \$ 275,309		

<b>Pro Forma</b>					
	2012	2013	2014	2015	2016
<b>Beginning Cash Balance</b>	\$ 416,738	\$ 455,949	\$ 541,431	\$ 500,000	\$ 500,000
Revenue					
Transfer from Sales Tax Improvement Fund	\$ 595,000	\$ 673,886	\$ 545,001	\$ 508,236	\$ 511,386
<b>Total Revenue</b>	\$ 595,000	\$ 673,886	\$ 545,001	\$ 508,236	\$ 511,386
Expenditures:					
Series 1999 Sales Tax Bond Debt Principal	\$ 445,000	\$ 465,000	\$ 485,000	\$ -	\$ -
Series 1999 Sales Tax Bond Debt Interest	\$ 54,066	\$ 33,248	\$ 11,276	\$ -	\$ -
Paying Agent Fees	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Series 2011 Sales Tax Bond Debt Principal	\$ -	\$ -	\$ -	\$ 165,000	\$ 170,000
Series 2011 Sales Tax Bond Debt Interest	\$ 55,723	\$ 89,156	\$ 89,156	\$ 87,506	\$ 84,156
Series 2012 Sales Tax Bond Debt Principal	\$ -	\$ -	\$ -	\$ 175,000	\$ 180,000
Series 2012 Sales Tax Bond Debt Interest	\$ 33,442	\$ 79,730	\$ 79,730	\$ 79,730	\$ 76,230
<b>Total Expenditure</b>	\$ 555,789	\$ 588,404	\$ 586,432	\$ 508,236	\$ 511,386
Revenue over expenditures	\$ 39,211	\$ 85,482	\$ (41,431)	\$ (0)	\$ (0)
<b>Ending Cash Balance</b>	\$ 455,949	\$ 541,431	\$ 500,000	\$ 500,000	\$ 500,000

CITY OF KERRVILLE  
 Economic Improvement Corporation  
 SALES TAX REVENUE ANALYSIS

	Actual FY 2009	Actual FY 2010	Actual FY 2011	Approved FY 2012	Actual FY 2012	Difference Projected vs Actual	% of Projected Variance
October	\$ 195,050	\$ 179,735	\$ 184,602	\$ 173,576	\$ 219,934	\$ 46,358	26.71%
November	\$ 218,565	\$ 188,879	\$ 207,677	\$ 196,570	\$ 203,379	\$ 6,809	3.46%
December	\$ 202,043	\$ 170,981	\$ 169,550	\$ 174,136	\$ 208,227	\$ 34,091	19.58%
January	\$ 190,881	\$ 170,645	\$ 195,030	\$ 173,606	\$ 204,051	\$ 30,445	17.54%
February	\$ 239,208	\$ 236,837	\$ 241,320	\$ 236,995	\$ 264,744	\$ 27,749	11.71%
March	\$ 200,569	\$ 163,136	\$ 169,754	\$ 168,664	\$ 186,812	\$ 18,149	10.76%
April	\$ 259,861	\$ 160,461	\$ 157,729	\$ 167,740	\$ 185,835	\$ 18,096	10.79%
May	\$ 228,262	\$ 203,235	\$ 234,742	\$ 217,142	\$ 223,320	\$ 6,178	2.85%
June	\$ 181,835	\$ 182,429	\$ 186,441	\$ 177,831			
July	\$ 183,253	\$ 179,622	\$ 190,696	\$ 178,749			
August	\$ 219,318	\$ 221,711	\$ 238,491	\$ 218,448			
September	\$ 189,718	\$ 186,321	\$ 179,133	\$ 191,546			
<b>Total</b>	<b>\$ 2,508,562</b>	<b>\$ 2,243,991</b>	<b>\$ 2,355,166</b>	<b>\$ 2,275,000</b>	<b>\$ 1,696,303</b>	<b>\$ 187,876</b>	<b>12.46%</b>

CITY OF KERRVILLE  
Economic Improvement Corporation  
EIC Capital Projects Fund

<b>Cash Balance as of May 1, 2012</b>		<b>\$ 1,469,470</b>
Revenues:		
Transfer In		
Total Revenues/Transfer In	<u>\$ -</u>	
Expenses:		
Services		
Special Services		
Harper Hwy Utility Extention Phase 2	\$ 1,118	
	<u>\$ 1,118</u>	
Transfer Out		
Projects completed	319,214	
	<u>319,214</u>	
Total Expenses	\$ 320,332	
Revenue Over (Under) Expenditures		<u>\$ (320,332)</u>
<b>Ending Cash Balance as of May 31, 2012</b>		<b><u><u>\$ 1,149,139</u></u></b>

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

Project Status Summary  
For the month ending May 31, 2012

YEAR(S) FUNDED	PROJECTS	Funding Agreement	Agreement Commitment	EIC Funded To Date	Non-EIC Funding	Total Funded	Project Expenses to Date	Project Balance	EIC Future Allocation Balance
2009/10	Hill Country Home Opportunity	FA 2010-02	\$ 250,000	\$ 250,000		\$ 250,000	\$ 236,535	\$ 13,465	-
2009/10	Commercial Improvement Program		\$ 100,000	\$ 100,000		\$ 100,000	\$ 20,000	\$ 80,000	-
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	\$ 468,989	\$ 25,844	-
	Harper Hwy Utility Ext Phase 2		\$ 1,000,000	\$ 1,000,000		\$ 1,000,000	\$ 19,058	\$ 979,830	-
<b>TOTALS</b>			<b>\$ 1,894,838</b>	<b>\$ 1,894,838</b>		<b>\$ 1,894,838</b>	<b>\$ 744,581</b>	<b>\$ 1,149,139</b>	<b>-</b>

Cash Balance on 5/31/2012

\$ 1,149,139

**Fund 70 - General Capital Improvement Projects - supported by EIC**

PROJECTS	Funding Agreement	Agreement Commitment	Total Funded
2011-12 River Trail	C2011-76	\$ 6,000,000	\$ 6,000,000
2011-12 Louise Hays Park Improvements	C2011-76	\$ 2,000,000	\$ 1,099,745
<b>TOTALS</b>		<b>\$ 8,000,000</b>	<b>\$ 7,099,745</b>

## **Agenda Item:**

4B. Capital project update.

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

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**SUBJECT:** Capitol Project Update

**FOR AGENDA OF:** June 18, 2012

**DATE SUBMITTED:** June 11, 2012

**SUBMITTED BY:** Mindy N. Wendele    **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

---

<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>\$</b>	<b>\$</b>	<b>\$</b>	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

Attached is the June capital projects update. Please note: through a budget amendment Harper Highway Phase I, Alamo Workforce and Kroc Center projects were closed out.

**RECOMMENDED ACTION**

<b>SCOPE</b>	Project to fund the improvements to buildings in the commercial corridors in a maximum grant amount of \$10,000. Project guidelines attached.
<b>Amenities</b>	

<b>PHASING</b>	<b>Action Item</b>	<b>Schedule (Status)</b>	<b>Task/Issues</b>	<b>Comments/Risks</b>
No projects applications				
<b>FUNDING - BUDGET</b>	<b>Allocation</b>	<b>Expended - Encumbered</b>	<b>Project Balance</b>	
	\$50,000.00	\$0	\$50,000.00	

<b>SCOPE</b>	Project to fund the improvements to buildings in the commercial corridors in a maximum grant amount of 10k. Project guidelines attached.
<b>Amenities</b>	

<b>PHASING</b>	<b>Action Item</b>	<b>Schedule (Status)</b>	<b>Task/Issues</b>	<b>Comments/Risks</b>
Projects	Hewitt Engineering	Completed		
	San Saba Cap Company	Completed		
No applications this month				
<b>FUNDING - BUDGET</b>	<b>Allocation</b>	<b>Expended - Encumbered</b>	<b>Project Balance</b>	
	\$100,000.00	\$20,000.00	\$80,000.00	

<b>SCOPE</b>	Project to fund the improvements to buildings in the commercial corridors in a maximum grant amount of \$10,000. Project guidelines attached.
<b>Amenities</b>	

<b>PHASING</b>	<b>Action Item</b>	<b>Schedule (Status)</b>	<b>Task/Issues</b>	<b>Comments/Risks</b>
No projects applications				
<b>FUNDING - BUDGET</b>	<b>Allocation</b>	<b>Expended - Encumbered</b>	<b>Project Balance</b>	
	\$50,000.00	\$0	\$50,000.00	

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

---

**SUBJECT:** Harper Highway Utility Extension - Phase 2

**FOR AGENDA OF:** June 18, 2012

**DATE SUBMITTED:** June 13, 2012

**SUBMITTED BY:** Dieter Werner, P.E.  
Director of Engineering

**CLEARANCES:** Kristine Ondrias  
Assistant City Manager

**EXHIBITS:**

**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>\$1,000,000.00</b>	<b>\$980,313.00</b>	<b>\$1,000,000.00</b>	<b>E50</b>

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

Phase 2 of the Harper Highway Utility Extension project consists of the construction of approximately 4,600 linear feet of 12" water main and appurtenances from the north end of Old Harper road; thence west along the south line of Interstate I-10 right of way (R.O.W.) to Harper Road (RM 783); thence south along both east and west sides of RM 783 to its intersection with Old Harper Road. Installation of 12" wastewater main from the north end of Old Harper Road; thence west along the south line of Interstate I-10 R.O.W. to the west side of Harper Road (RM 783); thence south along the west line of RM 783 to a property owned by Kerrville Bible Church; and installation of 12" wastewater main from the intersection of Old Harper Road and Town Creek Road; thence north along the west line of RM 783 to the property north of Northpoint Investors, LTD. Property. In all, the sanitary sewer for this Phase 2 project includes approximately 3,000 linear feet of wastewater main and appurtenances.

A construction contract for the project was awarded to QroMex Construction by City Council at its regular meeting on May 23, 2012 in the amount of \$578,722.00. Construction is on schedule to begin the beginning of July 2012 with a contractual construction completion time of 90 days.

## **Agenda Item:**

5A. Nature Blinds, LLC's request for funding of a business expansion project.

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

---

**SUBJECT:** Presentation by Nature Blinds, LLC concerning a funding request for a business expansion project

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 11, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:** Application

**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>\$</b>	<b>\$</b>	<b>\$</b>	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

Officials from Nature Blinds, LLC have submitted an application for funding of \$730,000 for their business expansion project. The application is complete and has been reviewed by the 'Go' Team.

The business is currently located at 1905 Junction Hwy. and employees 29 people. Recently, the principals purchased a 48,494 sq. ft. building located at 2800 Blacksmith Lane to accommodate their growing business.

The basis for the amount of their request is the growth of their workforce by 73 employees in the next two years. Using the industry standard of \$10,000 per FTE, \$730,000 could be granted for building and campus improvements, equipment and workforce development.

Jason Hardy, president, will make a brief presentation.

**RECOMMENDED ACTION**

For discussion and direction to staff.

# Kerrville Economic Improvement Corporation

## 4B Sales Tax Funding Application

Submitted: June 1, 2012



**Nature Blinds, LLC**  
1905 Junction Hwy, Suite A  
Kerrville, TX 78028-9579  
877-431-4433

**SECTION II - APPLICANT INFORMATION**

Submittal Date: 5/31/12

Company Information

Company Name/Organization:  
NATURE BLINDS, LLC.

Address (City/State): 1905-A JUNCTION HWY Phone 877-431-4433

Fax \_\_\_\_\_

<u>KERRVILLE</u>	<u>TX</u>	<u>78028</u>
City	State	Zip Code

Name of Company/Organization Contact on this project:

KEVIN MOORE 830.266.5551 or JASON HARDY 830.928.5888

Contact Address (if different from above):

Phone \_\_\_\_\_

Fax \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Type of Business: Corporation \_\_\_\_\_ Partnership  Sole Proprietorship \_\_\_\_\_  
Non Profit Organization \_\_\_\_\_

Year Business Started: Year 2011 Location KERRVILLE, TX

Current Employment:

Permanent Full-Time 27 Permanent Part-Time 2

Average Production Wage 35,000 across all employees

Full-Time Employees receive the following benefits:

Paid time off/vacation

In process of selecting health insurance

Financial Information Required:

- List of all company owners
- Current financial statements and tax returns for primary owners of shareholders
- Three Years Annual Financials with Profit & Loss Statement Federal Tax Returns
- Proforma – two years financial statements with balance sheet, statement of income and list of assumptions
- Reference letters from current financial institutions to include contact person within the institutions
- For Corporations, Entities Certificates of Incorporation and Articles of Incorporation, Comptrollers Certificate of Good Standing

Annual Sales for Corporation / Company \$ 2,504,863 (annualized based on 1/1 - 5/31 sales)  
This Facility \$ 2,504,863  
Local Sales Tax paid Annually \$ \_\_\_\_\_  
Current Payroll \$ 1,013,740 annual

Has the Company or individual (s) owner of the company ever filed for bankruptcy protection under Chapter 7 or Chapter 11 of the Bankruptcy Statutes?

No (X) Yes ( ) Details:

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**SECTION III- PROJECT INFORMATION**

Requested amount \$ 730,000

Total Project Amount \$ 730,000

This application is for a:

Business Development (X)

- Expansion of Existing Facility ( ) or
- New Construction ( )
- Other (X) purchase new building / first lien

Quality of Life Improvement ( )

- Parks, Open Space ( )

- Other ( )

Capital Improvements for Public Infrastructure

- Utilities ( )
- Roadways ( )
- Other ( )

The proposed improvements are to be located within the following taxing district (s): City of Kerrville (X) Kerr County (X) Kerrville ISD (X) Ingram ISD ( ) Center Point ISD ( )

**SECTION IV - PROJECT DESCRIPTION**

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Economic Improvement Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Economic Improvement Corporation and the City of Kerrville. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

**SECTION V – ECONOMIC IMPACT INFORMATION**

**Part A- Project Investment in Improvements**

Total	\$ 730,000
Sq. Footage of New Building (s)	48,494
Size of Parking	100 vehicles
Other	n/a

**Part B- Project Investment in Fixed Equipment**

(New)\$ \_\_\_\_\_  
 Manufacturer of Equipment \_\_\_\_\_  
 Anticipated Useful Life of Equipment \_\_\_\_\_  
 Purchase Price \$ \_\_\_\_\_ Installation Cost \$ \_\_\_\_\_  
 Anticipated Delivery time from Date of Order \_\_\_\_\_

---

**Part C- Permanent Employment Estimates-** (do not include owners, stockholders or their dependants)

Anticipated Number of New Full-Time Employees as a result of this project 73

Anticipated Number within 12 months of Completion of this project 36

Anticipated Number within 24 months of Completion of this project 73

Typical Job Descriptions or Job Titles

Manufacturing

Sales

Administrative work

Anticipated starting salaries of these employees: (avg.) \$ 15 /hour

**Part D- Permanent Part-Time Employment Estimates-**  
(do not include owners, stockholders or their dependents)

Anticipated Number of New Part-Time Employees as a result of this project \_\_\_\_\_

Anticipated Number within 12 months of Completion of this project \_\_\_\_\_

Anticipated Number within 24 months of Completion of this project \_\_\_\_\_

Typical Job Descriptions or Job Titles of these employees: \_\_\_\_\_

Anticipated starting salaries of these employees: (avg.) \$ \_\_\_\_\_ / hour

**Part E- Payroll Impact**

Within 12 months of Project Completion \_\_\_\_\_ Within 24 months of Project Completion X

\$ 2,277,600

FTE X Avg. Wage X 40 hrs X 52 wks

\$ \_\_\_\_\_

PTE X Avg. Wage X 20 hrs X 52 wks

**SECTION VI- OTHER ASSISTANCE**

Has the Company applied for any State or Federal assistance on this project? No () Yes ( )

Describe:

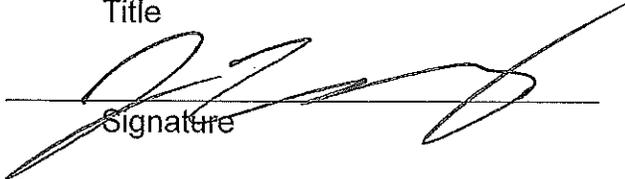
\_\_\_\_\_  
\_\_\_\_\_

To the best of my knowledge, the above information is an accurate description of the proposed project details.

Jason Hardy  
Printed name

5-31-12  
Date

President  
Title

  
Signature

For additional information visit the City's website at [www.kerrvilletx.gov](http://www.kerrvilletx.gov) or call 830.258.1112.

Amended 12-19-11

## Executive Summary

### What Has Happened So Far: January 1 to May 31, 2012

Our first TreeBlind was sold Friday January 6th, at our debut show, Dallas Safari Club. We sold 15 Trees that weekend, totaling over \$45,000 in sales our first 3 days on the market. We also donated a TreeBlind at the DSC silent auction, and were told it was the most popular item at the show, with the bidding going well over our retail price and heated competition for it.

Immediately after Dallas Safari Club we traveled to Columbus, OH for the Archery Trade Association Show, a large Industry-Only show. We were a late entry with a small booth and a less-than-prime location, but quickly became the talk of the show and were swamped the entire time. The ATA tweeted that we were the "coolest innovation at the show". We signed up 7 Dealerships on the spot, and 5 more immediately after. Also, we had our largest sale ever to a private individual who walked up to us there. He ordered 40 Blinds, and later called back and increased his order to 60 units!

Our next big stop was the following week in Las Vegas at the SHOT Show (Shooting, Hunting, and Outdoors Tradeshow). SHOT is the most prestigious, closed-door show in the industry and puts you in front of a global audience of Industry leaders and media. Several major publications including Field & Stream, Deer & Deer Hunting, and Bowhunting.com counted us among the Top New Products for 2012 in their Show Coverage. We received sales requests from all over the world, continued to sign up Dealers, and were courted by the major TV Shows and Giant Retailers like Bass Pro, Cabela's, Sportsman's Warehouse, Scheel's, etc. We made a lot of great contacts for the future and decided to wait until our production capacity is larger before making any deals with the Big Boxes, but it's good to know they're ready when we're ready! Our website was receiving 1,000+ unique visitors per day during SHOT (normal traffic was 50).

We reached \$250,000+ in sales our first 3 weeks of having our product on the market (a direct result of our first 3 shows).

We continued to attend shows through February and March including: Frederick, MD, Harrisburg, PA, Wichita Falls, TX, and St. Louis, MO and we were a big hit at each stop. Word is getting out about us, and each show gets more reactions of "Someone just told me about your blind last week!" or "I visited your website 2 days ago, awesome!"

We have now formed strategic alliances, relationships with numerous hunting celebrities and media personalities that are helping get the word out about us including *Savage Outdoors TV* with Mike Stroff, *Blue Collar Adventures* with Jay Presti, *Razor Dobbs Alive* with Razor Dobbs, *Trailing the Hunter's Moon* with Larry Weishuhn, *Huntin' With the Judge* with Julie Mogenis, *Archer's Choice* with Ralph & Vicki, *Doug Koenig's Championship Season* with Doug Koenig, *Outdoors* with Bob Coker, *The Revolution Radio Show* with Jim Ferguson, *Catfish Radio* with Luke Clayton, and more...

Tuesday, April 3rd brought a pleasant surprise. North American Hunter sent out an e-mail to their 250,000+ 'Inside Track' subscribers titled "The Most Realistic Hunting Blind on the Planet". The results were immediately evident and tremendous. That Tuesday we received approximately one website lead per minute for several hours straight, and saw a record 30,000 unique hits on our website, as a direct result of click-throughs. North American Hunter told us it was one of their most opened and clicked e-mails they've ever sent. Several sales and dealership agreements resulted.

April 13th saw another surprise as Field & Stream published a blog article titled, "Best Ground Blind Ever?" which yielded another flurry of hits, and currently ranks as one of the top natural search results when one Google's "Best Ground Blind".

Current YTD Sales are over \$1,000,000, with \$338,000 coming in the month of May. To date we have 33 retail locations signed up as Dealers. Most do not have their inventory yet, but already have a waiting list of buyers. We have 200+ qualified leads for dealerships as a result of our national tour and are following up and signing up more locations daily.

*Sales and Marketing Plans for Continued Momentum Pre-Hunting Season: May-September 2012*

At our current pace, we will have between **150-200 Retail Locations** stocking our products prior to the Fall Hunting Season as a result of our in-house sales efforts.

We are building **technology infrastructure** to make our Sales Process infinitely scalable. This includes launching a **new website with e-commerce** functionality, and implementing a **web-based CRM** sales and contact management system that integrates with our web-store and lead-capture forms on various pages of our new website. This will allow us to add salespeople (all sales have happened currently with only 1 full-time salesperson) as needed into an organized system and ensure no opportunities fall through the cracks. Our e-mail list will quickly grow into the tens of thousands. These systems will also automate a number of steps in the sales process, like getting people initial information, and sort and prioritize the hottest opportunities for our Sales Team.

Our **Referral Affiliate Program** will launch simultaneously with our new E-Commerce site. This program will be a major driver of E-Commerce Retail Sales. Referral Affiliates will be celebrities, all Nature Blinds Employees, Membership Organizations and Non-Profits, etc. We will be able to offer a 5% discount and free shipping from our website to all friends, contacts, members, and e-mail lists. Referring Affiliates will be rewarded with a monthly commission which will be tracked automatically. For instance, Wounded Warrior Project can be given their own personal link [natureblinds.com/woundedwarriors](http://natureblinds.com/woundedwarriors) which they can tell all their members about their special pricing if they click the link, driving sales and brand awareness to large, loyal audiences. Most of our TV and Radio shows that we are sponsoring are becoming Referral Affiliates in lieu of traditional Rate Sheets, saving us a lot of money up front, and incentivizing them to create new and unique content, ultimately driving traffic and sales through our web store.

We are implementing a **monthly sweepstakes** on our website to greatly increase our data capture and e-mail lists from our web traffic, and also have a double opt-in grand prize for folks who complete a simple survey of key demographic information so we can custom-tailor marketing campaigns this fall based on user preferences.

We are executing a multi-step targeted direct marketing and **sales campaign to all Hunting Ranches and Private Ranches over 100 acres in the state of TX**. This represents our ideal customer with the highest margins per sale due to low shipping costs and higher quantity retail orders.

We are adding **accessories** like chairs and shooting rests to our product offerings for easy "would you like fries with that?" **upsells** to those already purchasing TreeBlinds to further increase our revenues and profit margin.

We are aggressively developing **additional product lines** to give folks more options at different price points, geography, and hunting styles. For instance, we'll have a 2-story tree for those people for whom money is no object, and they'd like the coolest, elevated stand available. We'll also add portable blinds for those who prefer to 'spot and stalk' hunt public lands, waterfowl, and those that may not be able to afford our flagship TreeBlind. We have also recently developed a tree planter that will go into production within the next 30 days.

Our new website will have a great increase in **content** to keep people coming back to visit us. We will be growing our **YouTube** video library (our first video already has over 13,000 hits), and starting a **Blog**. Several of our celebrity endorsers have agreed to become blog authors and regularly contribute articles, pictures, and videos. All of these efforts will improve our exposure via organic sharing, social media, and improve our search ranks.

We have plans to attend another 6 **Trade Shows**, mostly in TX, in July and August including the Texas Trophy Hunters, Exotic Wildlife Association, Texas Wildlife Association, and World Deer Expo in Birmingham. We should have very good sales and be in a position to maximize our sales in the state of TX. We have a beautiful graphic-wrapped truck and custom show trailer available to make amazing impressions at (and to/from) these shows.

#### *Sales and Marketing Plans for the Fall/Winter Hunting Season- October 2012-January 2013*

We will have inventory stocked and in-place, ready to resupply our now large network of Dealers with 24 hour or less shipping from our factory on re-orders.

Our commercials will be everywhere! We will have access to millions of households on shows with hundreds of thousands of viewers each through the TV shows we're sponsoring. We will also be mentioned constantly on the radio, blogosphere, social media, forums, constantly educating and informing the masses about our products, driving sales to our Dealerships and E-commerce site.

Our Sales Team will be personally calling and visiting Premier Dealerships helping with special promotions, training sales people, and ensuring every Dealership is well-stocked, well-trained, and our products are well-placed to maximize our Retail sales.

We will engage in internet campaigns to further drive E-commerce during the busiest months of shopping for hunting supplies, and have hundreds of Referral Affiliates doing the same.

A lot of photos and video footage of hunts will be captured for content/material and 2013 campaigns.

### Conclusion

These combined strategies and tactics will propel us to our goal of \$5,000,000 first-year sales. 2013 will be a year of phenomenal growth on the infrastructure and sales/marketing platforms put in place in 2012. We will be able to grow our product lines and have instant distribution channels and a loyal fan base following to help us introduce each new innovation.

## Key Management/Personnel (Titles & Duties)

Jason Hardy, CEO (owner)

Clint Fiore, VP Business Development (owner)

Tim Thomason, VP - Product Development (founder, owner)

Tom Richards, CFO (owner)

David Carpenter, VP Manufacturing (owner)

Corey Chilton, Production Supervisor (owner)

Max Duncan (owner)

## Market Overview (United States)

### Big game hunting statistics:

- 10.7 million hunters
- 164 million hunting days
- 115 million hunting trips
- \$11.8 billion in hunting expenditures:
  - 60% / \$7.1 billion: EQUIPMENT
    - 42% / \$3 billion: hunting
    - 15% / \$1.1 billion: auxiliary
    - 43% / \$3 billion: special
  - 39% / \$4.6 billion: TRIP-RELATED

73% (120 million days) of big game days hunted were on private land.

80% of big game hunters hunted on private land.

10% (11.4 million) of males and 1% (1.2 million) of females hunted.

59% of hunting households earned more than \$50,000 annually.

\*Statistics from **2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation**, U.S. Fish & Wildlife Service.

## Grant Proposal

We are requesting a grant in the amount of \$730,000, subject to a claw back provision, contingent on the number of FTE (wage at least 1.7x minimum wage) at Nature Blinds, LLC (NB) for the ten (10) years immediately following the date of disbursement. Within two years from the date of the disbursement, NB would be required to hire and retain a total of one hundred and two (102=73 new + 29 current) FTE for a minimum of 32 hours per week with available health insurance, subject to eight annual reviews in months #37, #49, and #61, etc. from the date of the grant disbursement. If NB fails to meet the minimum requirement, it would be subject to a claw back repayment of \$1,000 times the difference of one hundred and two (102) and the actual number of FTE on NB payroll. For example, if NB had eighty (80) FTE on payroll

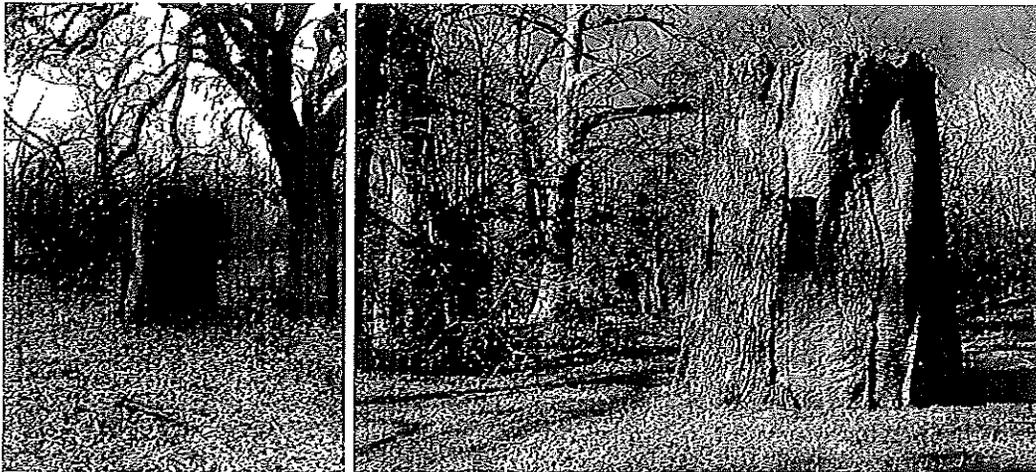
at the end of year #3, it would be required to repay  $(102-80) \times \$1,000 = \$22,000$  to the city of Kerrville.

Currently, NB is in the final stages of securing a larger facility from which to manufacture its products. Our offer of \$775,000 for the property at 2800 Blacksmith Lane, Kerrville, TX 78028 has been accepted by the owner, and has been approved by the bankruptcy judge (2012: appraised at \$1.1M, listed at \$1.25M). We should close within the next couple of weeks. NB would place the city of Kerrville as the first lienholder on the building throughout the life of the ten year agreement to protect the city's investment. The grant funding would be used to pay down our line of credit, which in turn would free up money to purchase additional required equipment and to make necessary facility improvements.

## Products

### Currently in Production

1. Tree blind: 6 windows, 8' tall



### Dimensions

Exterior Height 88"  
Exterior Diameter 77"  
Interior Height 78"  
Interior Diameter 67"  
Weight 300lbs

### Average Temperature Differences

Winter +31°F Warmer  
Summer -16°F Cooler

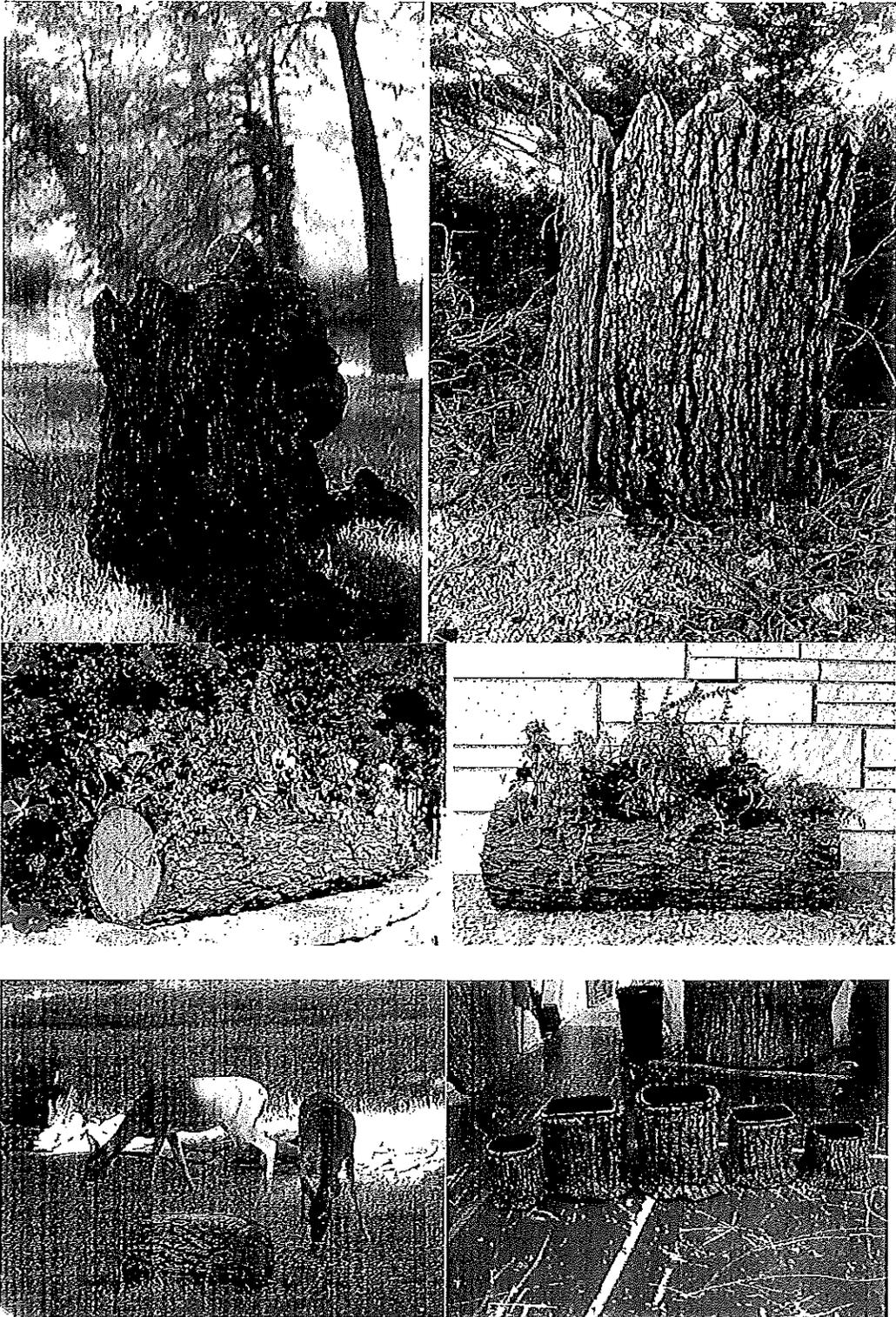
MSRP \$3,450

Prototypes and products slated for production within 12 months

1. 8' x 7' x 6'5" rock
2. Hideout
3. Hay Bale
4. Two story tree blind (approx. 12'-14' tall)
5. Shield blind
6. Hollow log planter/feeder (\*\*will go into production by June 30, 2012\*\*)
7. 3 level (tiered) hollowed log planter

**Sample Photos**





In addition, we have well over fifty product ideas in the Hunting, Home & Garden and Security markets.

## Dealer agreements

Dealer Name	Dealer Type	Address
Bayou Fuel, Marine & Hardware Supplies, Inc	Authorized	Lafitte Harbor Marina, 4932 Kenal Rd, Lafitte, LA 70067
Bargain Barn-PENDING	Authorized	PO Box 700, 3622 Camp Rd, Jasper, GA 30143
Brian's Archery Shop	Authorized	7 Tolend Rd, Barrington, NH 03825
Buchheit-Main location-PENDING	PREMIER	2801 Orchard Rd, Jackson, MO 63755
Camo Creations	PREMIER	PO Box 682, 812 N Houston Ave, Hebbronville, TX 78361
D & D Hunting	Authorized	63985 Tyler Rd, Bend, OR 97701
Eastern Shore Sportsman Center	Authorized	32122 Hastings Dr, Laurel, DE 19956
Gasburg Equipment-PENDING	PREMIER	6894 Christianna Hwy, Gasburg, VA 23857
Harleys' House of Guns*	PREMIER	602 US HWY 77A-, Yoakum, TX 77995
Illinois Xtreme Whitetails Lodge	PREMIER	38841 Hwy 104, Baylis, IL 62314
Kinsel Sports	Authorized	5115 Tile Plant Rd, New Lexington, OH 43764
Lafayette Shooters Wilderness	PREMIER	3520 Ambassador Caffery Pkwy, Lafayette, LA 70503
Maroney, Jason	Authorized	132 Nopal CV, Buda, TX 78610
Michaels' Mens Store & Sporting Goods	PREMIER	515 W. Main St, Homer, LA 71040
Northwest Arms & Services	Authorized	720 South 2nd St, Atwood, KS 67730
Oldham Lumber Company-PENDING	Authorized	8738 Forney Rd, Dallas, TX 75227
Paducah Shooter's Supply	Authorized	3919 Cairo Rd, Paducah, KY 42001
Pembroke Stop n Save*	Authorized	138 Grill Rd, Pembroke, VA 24136
Power's Firearms- PENDING	Authorized	2304 Jane St, Greensboro, NC 27407
Safford Tire & Hardware - PENDING	PREMIER	22445 Hwy 22 W, Safford, AL 36773
Smith's Gardentown Farms*	PREMIER	4940 Seymour Hwy, Wichita Falls, TX 76310
Texas Wildlife Supply	Authorized	2346 S Bridge, Brady, Tx 76825
Timberline Limited Whitetails	Authorized	W10304 Cedar Rd, Fremont, WI 54940
Trophy Hunters Supply*	Authorized	N8549 Woodland Dr, Seymour, WI 54165
U Need It Archery*	Authorized	7485 Monterey Hwy, Sparta, TN 38583
Wagon Wheel Ranch	Authorized	36446 244th Street, Kimball, SD 57355
Woodbury Outfitters*	PREMIER	793 South 2nd St, Coschocton, OH 43812

## Ownership / Liabilities

Capital Investment LT Debt consists of two promissory notes in favor of Max Duncan Family Investments, Ltd., a Member of the company.

Note dated 8/17/11 in the amount of \$315,000.00 for acquisition of the former Nature Blinds, a Nevada corporation.

Note dated 8/24/11 in the amount of \$175,000.00 for working capital.

Both are notes have a duration of 5 years, bearing a 1% interest rate, with principal and interest payable at the earliest of: 1) maturity, 2) sale of substantially all of Nature Blinds' assets, or 3) merger of Nature Blinds with another company.

## Line of Credit

Nature Blinds recently secured a \$1.5 million revolving loan, dated 4/3/2012. The balance as of 5/31/2012 is \$925,000. The interest rate is equal to the Lender's prime rate (WSJ prime) + 1 (currently 4.25%): Matures 4/2/2013

## **Patents**

We have seven patent applications outstanding, including the following products and utilities:

- 1) Stump cooler (ice chest)
- 2) Shield Blind
- 3) Rock blind
- 4) TreeBlind™
- 5) Log feeder/planter
- 6) Utility patent in process for materials manufacturing process
- 7) Utility patent for our unique, silent window pulley system.

## **Financials:**

5 Year Pro forma is attached.

**Dealer agreements**

Dealer Name	Dealer Type	Address
Bayou Fuel, Marine & Hardware Supplies, Inc	Authorized	Lafitte Harbor Marina, 4932 Kenal Rd, Lafitte, LA 70067
Bargain Barn-PENDING	Authorized	PO Box 700, 3622 Camp Rd, Jasper, GA 30143
Brian's Archery Shop	Authorized	7 Tolend Rd, Barrington, NH 03825
Buchheit-Main location-PENDING	PREMIER	2801 Orchard Rd, Jackson, MO 63755
Camo Creations	PREMIER	PO Box 682, 812 N Houston Ave, Hebronville, TX 78361
D & D Hunting	Authorized	63985 Tyler Rd, Bend, OR 97701
Eastern Shore Sportsman Center	Authorized	32122 Hastings Dr, Laurel, DE 19956
Gasburg Equipment-PENDING	PREMIER	6894 Christianna Hwy, Gasburg, VA 23857
Harleys' House of Guns*	PREMIER	602 US HWY 77A-, Yoakum, TX 77995
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### Lease Agreement

The company has lease agreement obligation for office and manufacturing facilities at 1905-A Junction Hwy, Kerrville, TX 78028, according to the following schedule.

09/01/2011 to 08/31/2012: \$800/month

09/01/2012 to 08/31/2013: \$2,800/month

09/01/2013 to 08/31/2014: \$3,500/month

### Current Wages and Salaries

Function	# of Employees
Manufacturing	21
Sales	1
Administrative	7
<b>Total</b>	<b>29</b>

**Total wages: \$1,013,740 annualized**

Nature Blinds, LLC										
Proforma Income Statement - 5 Years										
Cash Flow										
Headcount										
	5/30/12 5:00 PM	Year 1	Year 2	Year 3	Year 4	Year 5				
Total Unit Sales		3,775	13,270	24,940	44,280	62,570				
Net Sales										
Wholesale		\$ 5,067,186	\$ 10,826,400	\$ 16,724,240	\$ 24,150,830	\$ 32,598,109				
Retail		741,762	4,637,758	8,010,904	12,572,488	16,712,747				
Total Sales		5,808,948	15,464,158	24,735,144	36,723,318	49,310,856	100%	100%	100%	100%
Cost of Sales		3,912,872	9,523,687	15,185,284	22,584,523	30,466,407	67%	62%	61%	62%
Gross Profit		1,896,075	5,940,471	9,549,860	14,138,794	18,844,449	33%	38%	39%	38%
Salaries & Wages										
Sales		16,640	105,802	178,910	279,039	403,022				
Administrative		285,067	542,192	805,011	997,004	1,097,146				
Payroll Taxes										
Sales		1,584	10,272	17,232	26,736	38,520				
Administrative		25,248	48,276	71,580	88,704	97,608				
Employee Benefits										
Sales		2,040	17,846	28,553	46,257	70,773				
Administrative		16,320	36,595	57,107	77,094	91,588				
Sales Commission, incl Taxes		120,039	513,813	896,259	1,384,459	1,917,659				
Affiliate Commissions		56,421	321,500	555,334	871,554	1,158,566				
Advertising & Promotion		131,280	250,000	350,000	500,000	600,000				
Workers Comp Insurance		896	2,004	3,072	4,032	4,836				
Credit Card Fees		80,017	217,519	343,298	522,093	700,448				
Auto		2,851	2,472	2,546	2,623	2,701				
Meals and Entertainment		11,246	12,360	12,731	13,113	13,506				
Travel		2,814	1,236	1,273	1,311	1,351				
Uniforms		3,089	1,236	1,273	1,311	1,351				
Education		2,004	1,236	1,273	1,311	1,351				
Office Supplies		13,633	12,360	12,731	13,113	13,506				
Postage & Delivery		1,259	1,236	1,273	1,311	1,351				
Supplies - Other		6,526	1,236	1,273	1,311	1,351				
R&D Supplies		82,222	123,600	127,308	131,127	135,061				
IT Fees & Services		5,343	6,180	6,365	6,556	6,753				
Maintenance - Building		5,758	7,416	7,638	7,868	8,104				
Telephone		8,501	9,270	9,548	9,835	10,130				
Utilities		3,248	3,708	3,819	3,934	4,052				
Security		2,566	3,090	3,183	3,278	3,377				
Accounting		2,670	3,708	3,819	3,934	4,052				
Consultants - IT		2,253	2,472	2,546	2,623	2,701				
Consultants - Other		5,071	6,180	6,365	6,556	6,753				
Legal		13,165	12,360	12,731	13,113	13,506				
Insurance - Property		10,569	9,270	9,548	9,835	10,130				
Other Expense		6,212	1,236	1,273	1,311	1,351				
Bank Fees		1,286	1,854	1,910	1,967	2,026				
Total SG&A Expense		1,035,430	2,289,535	3,536,785	5,034,312	6,424,627	18%	15%	14%	13%
Earnings before Interest, Taxes, and Depreciation		860,645	3,650,936	6,013,075	9,104,483	12,419,823	15%	24%	24%	25%
Interest Expense		32,065	91,409	80,533	14,489	-				
Franchise Tax - Texas		19,354	58,190	89,945	132,672	176,859				
Depreciation		6,197	12,252	22,080	26,256	35,496				
Other Non-Operating Ranch		13,249	6,180	6,365	6,556	6,753				
Net Income		789,780	3,484,905	5,814,151	8,924,509	12,200,715	14%	23%	24%	25%
Cash Flow:										
Net Income		789,780	3,484,905	5,814,151	8,924,509	12,200,715				
Add: Depreciation		6,197	12,252	22,080	26,256	35,496				
Cash Flow from Operations		795,977	3,497,157	5,836,231	8,950,765	12,236,211				
Uses of Cash:										
Inventory		933,458	2,179,183	2,875,956	3,159,681	928,344				
Equipment Purchases		436,144	332,000	252,000	223,400	248,200				
Building Purchase		775,000								
Total Uses		2,144,602	2,511,183	3,127,956	3,383,081	1,176,544				

Nature Blinds, LLC						
Proforma Income Statement - 5 Years						
Cash Flow						
Headcount						
5/30/12 5:00 PM	Year 1	Year 2	Year 3	Year 4	Year 5	
<b>Sources of Cash:</b>						
KEDC Grant	700,000	-	-	-	-	
Revolving Loan (Surplus Cash)	648,625	(985,974)	(2,708,275)	(5,567,684)	(11,059,666)	
<b>Total Sources</b>	<b>1,348,625</b>	<b>(985,974)</b>	<b>(2,708,275)</b>	<b>(5,567,684)</b>	<b>(11,059,666)</b>	
<b>Net Loan (Cash) Balance</b>	<b>648,625</b>	<b>(337,349)</b>	<b>(3,045,624)</b>	<b>(8,613,308)</b>	<b>(19,672,974)</b>	
<b>Employee Headcount</b>						
Manufacturing	39	57	74	97	116	
Sales	1	5	8	12	17	
Administrative	8	11	16	20	22	
<b>Total</b>	<b>48</b>	<b>73</b>	<b>98</b>	<b>129</b>	<b>155</b>	



Nature Blinds, LLC												
Proforma Income Statement - 5 Years												
Headcount												
Cash Flow												
5/30/12 5:00 PM												
Year 5												
Annual	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Total												
Interest Expense												
Franchise Tax - Texas	178,859	7,394	9,207	9,207	9,207	9,207	7,394	24,087	26,309	31,527	28,531	7,394
Depreciation	35,496	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958
Other Non-Operating Ranch	6,753	563	563	563	563	563	563	563	563	563	563	563
<b>Net income</b>	<b>12,200,715</b>	<b>413,896</b>	<b>566,675</b>	<b>566,675</b>	<b>566,675</b>	<b>566,675</b>	<b>395,396</b>	<b>1,775,962</b>	<b>1,977,054</b>	<b>2,408,269</b>	<b>2,178,145</b>	<b>413,896</b>
<b>Cash Flow:</b>												
Net Income	12,200,715	413,896	566,675	566,675	566,675	566,675	395,396	1,775,962	1,977,054	2,408,269	2,178,145	413,896
Add: Depreciation	35,496	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958
Cash Flow from Operations	12,236,211	416,854	569,633	569,633	569,633	569,633	398,354	1,778,920	1,980,012	2,411,227	2,181,103	416,854
<b>Uses of Cash:</b>												
Inventory	928,344	1,122,504	890,418	890,418	890,418	890,418	1,122,504	(1,406,679)	(1,593,524)	(2,342,773)	(1,780,388)	1,122,504
Equipment Purchases	248,200	20,683	20,683	20,683	20,683	20,683	20,683	20,683	20,683	20,683	20,683	20,683
Building Purchase												
Total Uses	1,176,544	1,143,187	911,101	911,101	911,101	911,101	1,143,187	(1,385,996)	(1,572,840)	(2,322,089)	(1,759,685)	1,143,187
<b>Sources of Cash:</b>												
KEDC Grant												
Revolving Loan (Surplus Cash)	(11,059,666)	768,833	341,469	341,469	341,469	341,469	744,833	(3,164,916)	(3,552,852)	(4,733,317)	(3,940,788)	726,333
Total Sources	(11,059,666)	768,833	341,469	341,469	341,469	341,469	744,833	(3,164,916)	(3,552,852)	(4,733,317)	(3,940,788)	726,333
<b>Net Loan (Cash) Balance</b>	<b>(7,844,475)</b>	<b>(7,118,142)</b>	<b>(6,776,674)</b>	<b>(6,435,205)</b>	<b>(6,093,736)</b>	<b>(5,752,268)</b>	<b>(5,007,435)</b>	<b>(8,172,351)</b>	<b>(11,725,203)</b>	<b>(16,458,519)</b>	<b>(20,399,307)</b>	<b>(19,672,974)</b>
<b>Employee Headcount</b>												
Manufacturing	116	116	116	116	116	116	116	116	116	116	116	116
Sales	17	17	17	17	17	17	17	17	17	17	17	17
Administrative	22	22	22	22	22	22	22	22	22	22	22	22
<b>Total</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>								

Nature Blinds, LLC

Proforma Income Statement - 5 Years

Headcount

Cash Flow

5/30/12 5:00 PM

	Year 1												Dec-12
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Annual	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
Total Unit Sales	3,775	5	37	32	75	75	75	800	800	1,000	800	75	
Net Sales	\$ 5,067,186	\$ 2,300	\$ 9,790	\$ 100,583	\$ 63,575	\$ 99,141	\$ 99,141	\$ 1,057,500	\$ 1,057,500	\$ 1,321,875	\$ 1,057,500	\$ 99,141	
Wholesale	741,762				15,036	15,036	15,036	160,381	160,381	200,476	160,381	15,036	
Retail	5,808,948	2,300	9,790	100,583	63,575	114,176	114,176	1,217,881	1,217,881	1,522,351	1,217,881	114,176	
Total Sales	3,912,672	35,210	41,876	114,895	75,003	72,842	73,948	788,779	788,779	965,973	788,779	73,948	
Cost of Sales	1,896,075	(32,910)	(32,086)	(14,312)	(11,428)	41,335	40,228	429,102	429,102	536,378	429,102	40,228	
Gross Profit	2,016,597	67,120	74,962	128,207	86,431	31,507	33,720	359,677	359,677	389,595	359,677	33,720	
Salaries & Wages	16,640			28,867		2,080	2,080	2,080	2,080	2,080	2,080	2,080	
Administrative	285,067					35,633	35,633	35,633	35,633	35,633	35,633	35,633	
Payroll Taxes	1,564			2,983		198	198	198	198	198	198	198	
Sales	25,248					3,156	3,156	3,156	3,156	3,156	3,156	3,156	
Administrative	2,040					255	255	255	255	255	255	255	
Employee Benefits	16,320					2,040	2,040	2,040	2,040	2,040	2,040	2,040	
Sales	120,039			351		2,888	2,888	2,888	2,888	2,888	2,888	2,888	
Administrative	56,421					1,042	1,042	1,042	1,042	1,042	1,042	1,042	
Sales Commission, incl Taxes	131,280			12,273		4,917	4,917	4,917	4,917	4,917	4,917	4,917	
Affiliate Commissions	896					112	112	112	112	112	112	112	
Advertising & Promotion	80,017			1,808		1,538	1,538	1,538	1,538	1,538	1,538	1,538	
Workers Comp Insurance	2,851			12		200	200	200	200	200	200	200	
Credit Card Fees	11,246			684		1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Auto	2,814			917		100	100	100	100	100	100	100	
Meals and Entertainment	3,069			1,023		100	100	100	100	100	100	100	
Travel	2,004			1,045		100	100	100	100	100	100	100	
Uniforms	13,633			372		100	100	100	100	100	100	100	
Office Supplies	1,259			150		100	100	100	100	100	100	100	
Postage & Delivery	5,526			353		10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Supplies - Other	82,222			7		500	500	500	500	500	500	500	
R&D Supplies	5,343			473		600	600	600	600	600	600	600	
IT Fees & Services	5,758			325		750	750	750	750	750	750	750	
Maintenance - Building	8,501			960		300	300	300	300	300	300	300	
Telephone	3,248			261		250	250	250	250	250	250	250	
Utilities	2,566			234		300	300	300	300	300	300	300	
Security	2,670			638		200	200	200	200	200	200	200	
Accounting	2,253			71		500	500	500	500	500	500	500	
Consultants - IT	13,165			3,175		1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Consultants - Other	10,569			959		750	750	750	750	750	750	750	
Legal	6,212			3,399		100	100	100	100	100	100	100	
Insurance - Property	1,286			37		150	150	150	150	150	150	150	
Other Expense				9		150	150	150	150	150	150	150	
Bank Fees				53,099		71,959	71,959	71,959	71,959	71,959	71,959	71,959	
Total SG&A Expense	1,035,430	68,305	55,470	61,158	53,099	71,959	71,959	90,459	119,487	119,487	132,598	119,487	
Earnings before Interest, Taxes, and Depreciation	860,645	(101,215)	(87,556)	(75,470)	(64,527)	(30,625)	(30,625)	(50,231)	309,615	403,780	309,615	(31,731)	

Nature Blinds, LLC												
Proforma Income Statement - 5 Years												
Headcount	Year 1											
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Cash Flow	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Annual	Total											
Interest Expense	-	-	-	1,532	2,792	4,047	5,572	7,159	5,474	3,954	1,448	88
Franchise Tax - Texas	-	-	-	-	403	403	392	4,180	4,180	5,225	4,180	392
Depreciation	141	450	598	528	560	560	560	560	560	560	560	560
Other Non-Operating Ranch	1,693	1,049	2,436	4,071	500	500	500	500	500	500	500	500
<b>Net Income</b>	<b>(103,049)</b>	<b>(89,055)</b>	<b>(78,504)</b>	<b>(70,658)</b>	<b>(34,880)</b>	<b>(36,135)</b>	<b>(57,255)</b>	<b>297,216</b>	<b>298,901</b>	<b>393,541</b>	<b>302,928</b>	<b>(33,271)</b>
<b>Cash Flow:</b>												
Net Income	(103,049)	(89,055)	(78,504)	(70,658)	(34,880)	(36,135)	(57,255)	297,216	298,901	393,541	302,928	(33,271)
Add: Depreciation	141	450	598	528	560	560	560	560	560	560	560	560
Cash Flow from Operations	(102,908)	(88,605)	(77,906)	(70,130)	(34,320)	(35,575)	(56,695)	297,776	299,461	394,101	303,488	(32,711)
<b>Uses of Cash:</b>												
Inventory	54,227	27,858	59,220	51,338	297,529	297,529	368,899	(200,522)	(152,283)	(935,870)	(102,958)	568,591
Equipment Purchases	87,209	72,743	63,004	33,188	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Building Purchase						775,000						
Total Uses	141,436	100,601	122,224	84,526	320,029	1,095,029	391,399	(178,022)	(129,783)	(313,470)	(80,458)	591,091
<b>Sources of Cash:</b>												
KEDC Grant						700,000						
Revolving Loan (Surplus Cash)	244,344	189,206	200,130	154,656	354,349	430,604	448,094	(475,798)	(429,245)	(707,571)	(383,946)	623,802
Total Sources	244,344	189,206	200,130	154,656	354,349	1,130,604	448,094	(475,798)	(429,245)	(707,571)	(383,946)	623,802
Net Loan (Cash) Balance	244,344	433,550	633,680	788,336	1,142,665	1,573,289	2,021,383	1,545,585	1,116,340	408,769	24,823	648,825
<b>Employee Headcount:</b>												
Manufacturing	5	10	16	17	24	24	28	30	32	31	35	39
Sales	-	1	1	1	1	1	1	1	1	1	1	1
Administrative	4	4	6	6	8	8	8	8	8	8	8	8
<b>Total</b>	<b>9</b>	<b>15</b>	<b>23</b>	<b>24</b>	<b>33</b>	<b>33</b>	<b>37</b>	<b>39</b>	<b>41</b>	<b>40</b>	<b>44</b>	<b>48</b>

Nature Blinds, LLC

Proforma Income Statement - 5 Years

Headcount

Cash Flow

5/30/12 5:00 PM

Year 2

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Annual Total	382	382	441	441	441	441	441	382	2,250	2,903	2,465	382
Total Unit Sales												
Net Sales	\$ 292,500	\$ 292,500	\$ 332,280	\$ 332,280	\$ 332,280	\$ 332,280	\$ 292,500	\$ 1,966,380	\$ 1,966,380	\$ 2,428,140	\$ 1,966,380	\$ 292,500
Wholesale	133,256	133,256	153,833	153,833	153,833	153,833	133,256	833,933	824,667	1,015,401	1,015,401	133,256
Retail	4,637,758	425,756	486,113	486,113	486,113	486,113	425,756	2,800,313	2,791,047	3,443,541	2,981,781	425,756
Total Sales	15,484,158	261,992	299,069	299,069	299,069	299,069	261,992	1,826,588	1,719,353	2,121,384	1,812,118	261,992
Cost of Sales	9,523,687	163,764	187,044	187,044	187,044	187,044	163,764	973,725	1,071,694	1,322,157	1,169,663	163,764
Gross Profit	5,940,471	8,817	8,817	8,817	8,817	8,817	8,817	8,817	8,817	8,817	8,817	8,817
Salaries & Wages	105,802	45,183	45,183	45,183	45,183	45,183	45,183	45,183	45,183	45,183	45,183	45,183
Sales	542,192	856	856	856	856	856	856	856	856	856	856	856
Administrative	10,272	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023
Payroll Taxes	48,276	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487
Employee Benefits	17,846	3,029	3,029	3,029	3,029	3,029	3,029	3,029	3,029	3,029	3,029	3,029
Sales	36,595	5,294	7,828	7,828	7,828	7,828	5,294	104,212	108,232	136,629	112,252	5,294
Administrative	513,813	9,238	10,664	10,664	10,664	10,664	9,238	43,946	57,168	70,390	70,390	9,238
Sales Commission, Incl Taxes	321,900	15,750	15,750	15,750	15,750	15,750	15,750	15,750	15,750	15,750	15,750	15,750
Affiliate Commissions	250,000	167	167	167	167	167	167	167	167	167	167	167
Advertising & Promotion	2,004	6,008	6,866	6,866	6,866	6,866	6,008	36,057	39,215	48,375	42,372	6,008
Workers Comp Insurance	217,519	206	206	206	206	206	206	206	206	206	206	206
Credit Card Fees	2,472	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Auto	12,360	103	103	103	103	103	103	103	103	103	103	103
Meals and Entertainment	1,236	103	103	103	103	103	103	103	103	103	103	103
Travel	1,236	103	103	103	103	103	103	103	103	103	103	103
Uniforms	1,236	103	103	103	103	103	103	103	103	103	103	103
Education	12,360	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Office Supplies	1,236	103	103	103	103	103	103	103	103	103	103	103
Postage & Delivery	123,600	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
Supplies - Other	1,236	103	103	103	103	103	103	103	103	103	103	103
R&D Supplies	6,180	515	515	515	515	515	515	515	515	515	515	515
IT Fees & Services	7,416	618	618	618	618	618	618	618	618	618	618	618
Maintenance - Building	9,270	773	773	773	773	773	773	773	773	773	773	773
Telephone	3,708	309	309	309	309	309	309	309	309	309	309	309
Utilities	3,090	258	258	258	258	258	258	258	258	258	258	258
Security	3,708	309	309	309	309	309	309	309	309	309	309	309
Accounting	2,472	206	206	206	206	206	206	206	206	206	206	206
Consultants - IT	6,180	515	515	515	515	515	515	515	515	515	515	515
Consultants - Other	12,360	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Legal	9,270	773	773	773	773	773	773	773	773	773	773	773
Insurance - Property	1,236	103	103	103	103	103	103	103	103	103	103	103
Other Expense	1,854	155	155	155	155	155	155	155	155	155	155	155
Bank Fees	2,289,535	161,238	123,313	123,313	123,313	123,313	136,995	282,170	302,570	353,349	822,970	118,495
Total SG&A Expense	3,650,936	2,526	63,731	63,731	63,731	63,731	26,769	691,555	769,124	968,808	846,693	45,269
Earnings before Interest, Taxes, and Depreciation												

Nature Blinds, LLC													
Proforma Income Statement - 5 Years													
Headcount													
Cash Flow													
Year 2													
	Annual	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Interest Expense	91,409	2,297	4,113	6,104	7,930	9,761	11,600	13,605	15,855	11,820	7,236	1,088	-
Franchise Tax - Texas	58,190	1,545	1,545	1,764	1,764	1,764	1,764	1,545	9,288	10,145	12,518	10,993	1,545
Depreciation	12,252	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021
Other Non-Operating Ranch	6,180	515	515	515	515	515	515	515	515	515	515	515	515
<b>Net Income</b>	<b>3,484,905</b>	<b>(2,852)</b>	<b>38,075</b>	<b>54,327</b>	<b>52,502</b>	<b>50,670</b>	<b>48,831</b>	<b>10,083</b>	<b>664,866</b>	<b>745,623</b>	<b>947,519</b>	<b>833,076</b>	<b>42,187</b>
<b>Cash Flow:</b>													
Net Income	3,484,905	(2,852)	38,075	54,327	52,502	50,670	48,831	10,083	664,866	745,623	947,519	833,076	42,187
Add: Depreciation	12,252	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021
Cash Flow from Operations	3,497,157	(1,831)	39,096	55,348	53,523	51,691	49,852	11,104	665,887	746,644	948,540	834,097	43,208
<b>Uses of Cash:</b>													
Inventory	2,179,183	483,170	573,660	543,084	543,084	543,084	588,329	618,905	(501,240)	(575,332)	(814,852)	(554,530)	731,819
Equipment Purchases	332,000	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667
Building Purchase													
Total Uses	2,511,183	510,837	601,327	570,751	570,751	570,751	615,996	646,572	(473,573)	(547,665)	(787,186)	(528,863)	759,485
<b>Sources of Cash:</b>													
KEDC Grant	-												
Revolving Loan (Surplus Cash)	(985,974)	512,668	562,231	515,403	517,228	519,060	566,144	635,468	(1,139,460)	(1,294,309)	(1,735,725)	(1,360,960)	716,277
Total Sources	(985,974)	512,668	562,231	515,403	517,228	519,060	566,144	635,468	(1,139,460)	(1,294,309)	(1,735,725)	(1,360,960)	716,277
Net Loan (Cash) Balance		1,161,293	1,723,524	2,238,927	2,756,156	3,275,216	3,841,360	4,476,828	3,337,968	2,043,059	307,334	(1,053,626)	(337,349)
<b>Employee Headcount</b>													
Manufacturing		43	48	48	48	48	51	51	52	52	57	57	57
Sales		5	5	5	5	5	5	5	5	5	5	5	5
Administrative		11	11	11	11	11	11	11	11	11	11	11	11
<b>Total</b>		<b>59</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>67</b>	<b>67</b>	<b>68</b>	<b>68</b>	<b>73</b>	<b>73</b>	<b>73</b>

Nature Blinds, LLC Proforma Income Statement - 5 Years Headcount Cash Flow 5/30/12 5:00 PM	Year 3											
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Annual Total	836	836	999	999	999	999	836	3,981	4,171	5,091	4,961	836
Total Unit Sales												
Net Sales	\$ 518,002	\$ 518,002	\$ 608,856	\$ 608,856	\$ 608,856	\$ 608,856	\$ 518,002	\$ 2,890,576	\$ 2,890,576	\$ 3,545,079	\$ 2,890,576	\$ 518,002
Wholesale	271,574	271,574	325,517	325,517	325,517	325,517	271,574	1,039,809	1,332,470	1,625,131	1,625,131	271,574
Retail	789,576	789,576	934,373	934,373	934,373	934,373	789,576	3,930,385	4,223,046	5,170,210	4,515,707	789,576
Total Sales	481,801	481,801	569,391	569,391	569,391	569,391	481,801	2,457,512	2,999,108	3,188,193	2,740,704	481,801
Cost of Sales	307,775	307,775	364,982	364,982	364,982	364,982	307,775	1,472,873	1,623,938	1,987,017	1,775,003	307,775
Gross Profit	178,910	178,910	202,909	202,909	202,909	202,909	178,910	984,703	1,375,170	1,201,176	1,165,701	178,910
Salaries & Wages	14,909	14,909	14,909	14,909	14,909	14,909	14,909	14,909	14,909	14,909	14,909	14,909
Sales	67,084	67,084	67,084	67,084	67,084	67,084	67,084	67,084	67,084	67,084	67,084	67,084
Administrative	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436
Payroll Taxes	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965
Sales	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379
Administrative	4,759	4,759	4,759	4,759	4,759	4,759	4,759	4,759	4,759	4,759	4,759	4,759
Employee Benefits	20,114	20,114	26,047	26,047	26,047	26,047	20,114	181,555	167,724	209,444	173,893	20,114
Sales	18,826	18,826	22,566	22,566	22,566	22,566	18,826	72,082	92,370	112,658	112,658	18,826
Administrative	66,583	66,583	24,083	24,083	24,083	24,083	66,583	24,083	24,083	24,083	24,083	66,583
Sales Commission, incl. Taxes	256	256	256	256	256	256	256	256	256	256	256	256
Affiliate Commissions	11,230	11,230	13,304	13,304	13,304	13,304	11,230	54,791	59,636	72,989	64,481	11,230
Advertising & Promotion	4,496	4,496	212	212	212	212	4,496	212	212	212	212	4,496
Workers Comp Insurance	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Advertising	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Credit Card Fees	106	106	106	106	106	106	106	106	106	106	106	106
Auto	106	106	106	106	106	106	106	106	106	106	106	106
Meals and Entertainment	106	106	106	106	106	106	106	106	106	106	106	106
Travel	106	106	106	106	106	106	106	106	106	106	106	106
Uniforms	106	106	106	106	106	106	106	106	106	106	106	106
Education	106	106	106	106	106	106	106	106	106	106	106	106
Office Supplies	106	106	106	106	106	106	106	106	106	106	106	106
Postage & Delivery	106	106	106	106	106	106	106	106	106	106	106	106
Supplies - Other	530	530	530	530	530	530	530	530	530	530	530	530
R&D Supplies	637	637	637	637	637	637	637	637	637	637	637	637
IT Fees & Services	796	796	796	796	796	796	796	796	796	796	796	796
Maintenance - Building	318	318	318	318	318	318	318	318	318	318	318	318
Telephone	265	265	265	265	265	265	265	265	265	265	265	265
Utilities	318	318	318	318	318	318	318	318	318	318	318	318
Security	212	212	212	212	212	212	212	212	212	212	212	212
Accounting	530	530	530	530	530	530	530	530	530	530	530	530
Consultants - IT	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Consultants - Other	796	796	796	796	796	796	796	796	796	796	796	796
Legal	106	106	106	106	106	106	106	106	106	106	106	106
Insurance - Property	159	159	159	159	159	159	159	159	159	159	159	159
Other Expense	226,010	226,010	201,991	201,991	201,991	201,991	226,010	428,503	458,804	534,165	491,106	226,010
Bank Fees	81,765	81,765	162,991	162,991	162,991	162,991	81,765	1,044,370	1,164,134	1,452,852	1,283,897	81,765
Total SG&A Expense	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785	3,536,785
Earnings before Interest, Taxes, and Depreciation	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075	6,013,075

Mature Blinds, LLC												
Proforma Income Statement - 5 Years												
Headcount												
Cash Flow												
	Year 3											
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Annual	Total											
Interest Expense	80,533											
Franchise Tax - Texas	89,945	2,889	3,424	3,424	3,424	3,424	3,424	14,008	15,316	18,744	16,623	2,889
Depreciation	22,080	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Other Non-Operating Ranch	6,365	530	530	530	530	530	530	530	530	530	530	530
<b>Net Income</b>	<b>5,814,151</b>	<b>110,541</b>	<b>152,661</b>	<b>150,261</b>	<b>147,851</b>	<b>145,434</b>	<b>79,582</b>	<b>1,010,888</b>	<b>1,135,490</b>	<b>1,427,764</b>	<b>1,264,903</b>	<b>112,271</b>
<b>Cash Flow:</b>												
Net Income	5,814,151	110,541	152,661	150,261	147,851	145,434	79,582	1,010,888	1,135,490	1,427,764	1,264,903	112,271
Add: Depreciation	22,080	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Cash Flow from Operations	5,836,231	112,381	154,501	152,101	149,691	147,274	81,422	1,012,728	1,137,330	1,429,604	1,266,743	114,111
<b>Uses of Cash:</b>												
Inventory	2,875,956	883,269	811,370	811,370	811,370	811,370	883,269	(743,488)	(855,719)	(1,335,440)	(967,951)	883,269
Equipment Purchases	252,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Building Purchase												
Total Uses	3,127,956	904,269	832,370	832,370	832,370	832,370	904,269	(722,488)	(834,719)	(1,314,440)	(946,951)	904,269
<b>Sources of Cash:</b>												
KEDC Grant												
Revolving Loan (Surplus Cash)	(2,708,275)	825,924	677,868	680,269	682,679	685,096	822,847	(1,735,217)	(1,972,049)	(2,744,044)	(2,213,694)	790,158
Total Sources	(2,708,275)	825,924	677,868	680,269	682,679	685,096	822,847	(1,735,217)	(1,972,049)	(2,744,044)	(2,213,694)	790,158
<b>Net Loan (Cash) Balance</b>		488,575	1,280,463	2,638,600	3,321,279	4,006,375	4,829,222	3,094,006	1,121,957	(1,622,088)	(3,835,782)	(3,045,624)
<b>Employee Headcount</b>												
Manufacturing		74	74	74	74	74	74	74	74	74	74	74
Sales		8	8	8	8	8	8	8	8	8	8	8
Administrative		16	16	16	16	16	16	16	16	16	16	16
<b>Total</b>		<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>

Nature Blinds, LLC Proforma Income Statement - 5 Years Headcount	Year 4												
	Annual	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Cash Flow													
Total Unit Sales	44,280	1,566	1,566	1,893	1,893	1,893	1,893	1,566	6,829	7,221	8,781	7,614	1,566
Net Sales													
Wholesale	\$ 24,150,830	\$ 878,027	\$ 878,027	\$ 1,067,004	\$ 1,067,004	\$ 1,067,004	\$ 1,067,004	\$ 878,027	\$ 3,885,280	\$ 3,885,280	\$ 4,714,867	\$ 3,885,280	\$ 878,027
Retail	12,572,488	488,184	488,184	600,384	600,384	600,384	600,384	488,184	1,543,274	1,953,499	2,357,723	2,357,723	488,184
Total Sales	36,723,318	1,366,210	1,366,210	1,667,387	1,667,387	1,667,387	1,667,387	1,366,210	5,426,554	5,838,779	7,072,591	6,243,004	1,366,210
Cost of Sales	22,584,523	827,408	827,408	1,006,941	1,006,941	1,006,941	1,006,941	827,408	3,422,980	3,619,242	4,389,402	3,815,503	827,408
Gross Profit	14,138,794	538,802	538,802	660,446	660,446	660,446	660,446	538,802	2,011,574	2,219,537	2,683,188	2,427,501	538,802
Salaries & Wages													
Sales	279,039	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253
Administrative	997,004	83,084	83,084	83,084	83,084	83,084	83,084	83,084	83,084	83,084	83,084	83,084	83,084
Payroll Taxes													
Sales	26,736	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228
Administrative	88,704	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392
Employee Benefits													
Sales	46,257	3,855	3,855	3,855	3,855	3,855	3,855	3,855	3,855	3,855	3,855	3,855	3,855
Administrative	77,094	6,425	6,425	6,425	6,425	6,425	6,425	6,425	6,425	6,425	6,425	6,425	6,425
Sales Commission, incl Taxes	1,384,459	43,685	43,685	56,026	56,026	56,026	56,026	43,685	224,804	233,324	285,639	241,845	43,685
Affiliate Commissions	871,554	33,842	33,842	41,620	41,620	41,620	41,620	33,842	107,999	135,421	163,443	163,443	33,842
Advertising & Promotion	500,000	79,093	79,093	36,583	36,583	36,583	36,583	55,083	36,583	36,583	36,583	36,583	36,583
Workers Comp Insurance	4,032	336	336	336	336	336	336	336	336	336	336	336	336
Credit Card Fees	522,093	19,496	19,496	23,810	23,810	23,810	23,810	19,496	76,156	82,848	100,324	89,540	19,496
Auto	2,623	219	219	219	219	219	219	219	219	219	219	219	219
Meals and Entertainment	13,113	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
Travel	1,311	109	109	109	109	109	109	109	109	109	109	109	109
Uniforms	1,311	109	109	109	109	109	109	109	109	109	109	109	109
Education	1,311	109	109	109	109	109	109	109	109	109	109	109	109
Office Supplies	13,113	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
Postage & Delivery	1,311	109	109	109	109	109	109	109	109	109	109	109	109
Supplies - Other	1,311	109	109	109	109	109	109	109	109	109	109	109	109
R&D Supplies	131,127	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927
IT Fees & Services	6,556	546	546	546	546	546	546	546	546	546	546	546	546
Maintenance - Building	7,868	656	656	656	656	656	656	656	656	656	656	656	656
Telephone	9,835	820	820	820	820	820	820	820	820	820	820	820	820
Utilities	3,934	328	328	328	328	328	328	328	328	328	328	328	328
Security	3,278	273	273	273	273	273	273	273	273	273	273	273	273
Accounting	3,934	328	328	328	328	328	328	328	328	328	328	328	328
Consultants - IT	2,623	219	219	219	219	219	219	219	219	219	219	219	219
Consultants - Other	6,556	546	546	546	546	546	546	546	546	546	546	546	546
Legal	13,113	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
Insurance - Property	9,835	820	820	820	820	820	820	820	820	820	820	820	820
Other Expense	1,311	109	109	109	109	109	109	109	109	109	109	109	109
Bank Fees	1,967	164	164	164	164	164	164	164	164	164	164	164	164
Total SG&A Expense	5,034,312	322,457	322,457	304,390	304,390	304,390	304,390	298,457	591,293	634,527	732,340	677,761	279,957
Earnings before Interest, Taxes, and Depreciation	9,104,483	216,345	258,845	356,056	356,056	356,056	356,056	240,345	1,420,281	1,585,010	1,950,849	1,749,740	258,845

Mature Blinds, LLC Proforma Income Statement - 5 Years Headcount	Cash Flow	Year 4												Dec-15			
		5/30/12 5:00 PM															
		Annual Total	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15				
Interest Expense	14,489	-	-	-	-	29	2,265	4,509	7,697	-	-	-	-	-	-	-	-
Franchise Tax - Texas	132,672	5,050	5,050	6,188	6,188	6,188	6,188	6,188	19,042	20,841	25,197	22,641	22,641	22,641	22,641	22,641	5,050
Depreciation	26,256	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188
Other Non-Operating Ranch	6,556	546	546	546	546	546	546	546	546	546	546	546	546	546	546	546	546
<b>Net Income</b>	<b>8,924,509</b>	<b>208,561</b>	<b>251,061</b>	<b>347,133</b>	<b>347,133</b>	<b>347,104</b>	<b>344,869</b>	<b>228,052</b>	<b>1,390,818</b>	<b>1,561,435</b>	<b>1,922,917</b>	<b>1,724,365</b>	<b>1,724,365</b>	<b>1,724,365</b>	<b>1,724,365</b>	<b>1,724,365</b>	<b>251,061</b>
<b>Cash Flow:</b>																	
Net Income	8,924,509	208,561	251,061	347,133	347,133	347,104	344,869	228,052	1,390,818	1,561,435	1,922,917	1,724,365	1,724,365	1,724,365	1,724,365	1,724,365	251,061
Add: Depreciation	26,256	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188
Cash Flow from Operations	8,950,765	210,749	253,249	349,321	349,321	349,292	347,057	230,240	1,393,006	1,563,623	1,925,105	1,726,553	1,726,553	1,726,553	1,726,553	1,726,553	253,249
<b>Uses of Cash:</b>																	
Inventory	3,159,681	1,109,031	1,109,031	961,962	961,962	961,962	961,962	1,109,031	(974,430)	(1,126,873)	(1,743,674)	(1,279,315)	(1,279,315)	(1,279,315)	(1,279,315)	(1,279,315)	1,109,031
Equipment Purchases	223,400	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617	18,617
Building Purchase																	
Total Uses	3,383,081	1,127,648	1,127,648	980,579	980,579	980,579	980,579	1,127,648	(955,813)	(1,108,256)	(1,725,057)	(1,260,899)	(1,260,899)	(1,260,899)	(1,260,899)	(1,260,899)	1,127,648
<b>Sources of Cash:</b>																	
KEDC Grant																	
Revolving Loan (Surplus Cash)	(5,567,684)	916,899	874,399	631,257	631,257	631,286	633,522	897,407	(2,348,819)	(2,671,878)	(3,650,162)	(2,987,251)	(2,987,251)	(2,987,251)	(2,987,251)	(2,987,251)	874,399
Total Sources	(5,567,684)	916,899	874,399	631,257	631,257	631,286	633,522	897,407	(2,348,819)	(2,671,878)	(3,650,162)	(2,987,251)	(2,987,251)	(2,987,251)	(2,987,251)	(2,987,251)	874,399
Net Loan (Cash) Balance		(2,128,725)	(1,254,327)	(623,069)	8,188	639,474	1,272,996	2,170,404	(178,415)	(2,850,293)	(6,500,455)	(9,487,707)	(9,487,707)	(9,487,707)	(9,487,707)	(9,487,707)	(8,613,308)
<b>Employee Headcount</b>																	
Manufacturing		97	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97
Sales		12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Administrative		20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
<b>Total</b>		<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>

## **Agenda Item:**

5B. A possible Kerrville-EIC.org website.

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

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**SUBJECT:** Discussion concerning the Kerrville-EIC.org website

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 11, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**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>
\$	\$	\$	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

This website was developed several years ago by a former EIC Board member. <http://www.kerrville-eic.org/> is the address. The item was is on the agenda to discuss to need and/or usage of the site.

**RECOMMENDED ACTION**

For discussion.

## **Agenda Item:**

6A. Lease with the United States Department of Agriculture to graze cattle on property owned by the Kerrville Economic Improvement Corporation (EIC) located at 300 Peterson Farm Road.

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

**SUBJECT:** Consideration of Lease with the USDA to graze cattle on the Kerrville Economic Improvement Corporation (EIC) owned property located 300 Peterson Farm Road.

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 11, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

<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 FINANCE DIRECTOR:**

**SUMMARY STATEMENT**

During the March 19, 2012 EIC meeting staff was directed to draft an agreement between the EIC and USDA for concerning grazing rights on the 86 acres located on Peterson Farm Road. An agreement was drafted and reviewed by USDA officials followed by a series of questions concerning the agreement. Staff is in the process of addressing those questions and finalizing the agreement.

**RECOMMENDED ACTION**

Update.

## **Agenda Item:**

6B. The following topics from Joint Council/EIC meeting held on June 12, 2012:

- Scott Schreiner Municipal Golf Course pavilion and parking improvements;
- Soccer field(s) improvement;
- Baseball/softball sports complex;
- Downtown Wi-Fi;
- Downtown boardwalk project;
- Airport Commerce Park vacant industrial site inventory within the city;
- Utility infrastructure for potential new company (KEDC prospect);
- Incentive package for hotel/conference center;
- Tuscany Development road between SH16 and SH173; and
- Investment in making Kerrville safer and friendlier to bicyclists and pedestrians.

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

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**SUBJECT:** Discussion concerning topics from joint City Council/EIC meeting held on June 12, 2012

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 12, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**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 FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

The Economic Improvement Corporation held a joint meeting with City Council on June 12, 2012 to discuss possible future projects. The list included:

- Scott Schreiner Municipal Golf Course pavilion and parking improvements
- Soccer field(s) improvements
- Baseball/softball sports complex
- Downtown Wi-Fi
- Downtown boardwalk project
- Airport Commerce Park vacant industrial site inventory within the city
- Utility infrastructure for potential new company (KEDC prospect)
- Incentive package for hotel/conference center
- Tuscany Development road between SH16 and SH173
- Investment in making Kerrville safer and friendlier to bicyclists and pedestrians

Staff will provide requested information available at meeting time as directed by the Board.

**RECOMMENDED ACTION**

For discussion and to provide additional direction to staff.

**Agenda Item:**  
**(Staff)**

6C. Update regarding River Trail and Parks projects.

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

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**SUBJECT:** EIC Monthly Report

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 14, 2012

**SUBMITTED BY:** Malcolm Matthews      **CLEARANCES:** Kristine Ondrias

**EXHIBITS:** Monthly Report

**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>\$</b>	<b>\$</b>	<b>\$</b>	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

EIC Monthly Report on the River Trail and the Louise Hays and Lehmann & Monroe Parks projects.

**RECOMMENDED ACTION**

No action required.

# EIC 4B Projects Status Report

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## River Trail and Parks Projects

June 18, 2012

4B Funds

\$6,000,000 (River Trail)

\$2,000,000 (Louise Hays and Lehmann & Monroe Parks Renovation)

# EIC Status Report Kerrville River Trail

## Package A

### SCOPE

Package A extends from a new trailhead at the Riverside Nature Center parking lot, along the west property line of the RNC, down to the river's edge, under the Lemos St. Bridge, construction of a trail bridge across the river, through Tranquility Island, to the west end of the parking area in Louise Hays Park. The 10' wide trail will be constructed of concrete, except for the segment that runs along the RNC western property line. Total trail length: 0.6 miles

### Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, and signage. [Note: additional amenities, such as trail entries, kiosks, and interpretive signage, will be added with future packages, once designed with future packages.]

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from RNC	complete by 6/12	RNC to provide easement to City	requires RNC approval
	lease renewal to RNC of CoK property	complete by 6/12	City to provide lease to RNC	requires City Council approval
	approval from TxDoT and GLO for use of state property	(complete)	TxDOT approval of plans and Const./Maint. Agreement	SA office approval; include in MMA
Property Survey	construction easements, if needed	NA	NA	NA
	M&B and Topo surveys	(complete)	identify property boundary and grades	
Misc. Reports/Permits	LOMR	submit 7/31/12	flood level impact, if any	submittal to FEMA
	TPWD (land & water permit)	(complete)	coffer dam - bridge construction review	review by TPWD
	USACE	(complete)	involves jurisdictional waters of the US	no USACE individual permit required
Design	under contract - Hewitt Engineering			
	location of trail	(complete)	define gradients and layout (complete)	
Preliminary Design	schematic plans with amenities; prelim. costs	50% review - 12/2/11 (complete) 75% review - 1/13/12 (complete) 90% review - 2/20/12 (complete)	all project elements all project elements all project elements	
	final plans/specs/costs/ documents	(complete)	all project elements	
	secure contractor	Bid March 2012; award May 2012 to Westar Construction	bid process, contract prep	project delay, bid cost, permit approvals, etc.
Construction	build project	start May 2012; complete Sept. 2012	sequencing of work	typical delays/field alterations

FUNDING - BUDGET		Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
G.O. bonds (2002) Park Dedication Funds	\$500,000 - 25,000 \$525,000	2002 bonds \$147,112 [includes completion of the River Trail Master Plan and survey work]	\$377,888	Construction bid: \$667,427 plus 10% contingency \$735,000	2002 bonds \$377,888 2011 bonds \$357,112 (includes contingency)	
COs (4B)	\$357,112					

## EIC Status Report Kerrville River Trail

## Package B, Package C, and Parks Project

### SCOPE

**Package B, Package C, and Parks Project** extends the trail from Guadalupe Park, connects to Package A at the RNC and picks up at the west end of the Louise Hays Park parking lot, through Louise Hays Park and Lehmann & Monroe Park, to G St. r.o.w. The 10' wide trail will be constructed of concrete. This Package will be coordinated with the Jefferson Wastewater Project and Water transmission Line Project, both slated for completion in the first half of 2013. This Package will include the entire scope of work for the Louise Hays Park/Lehmann & Monroe Park Project, as funded by 4B. *Total trail length: 2.5 miles*

### Amenities

Trail - trailheads with lighting, observation areas, seating areas, bridging, drainage, signage, trail entries, kiosks, and interpretive signage.  
Parks - park amenities, amphitheater/stage, playground/sprayground, picnic areas, group pavilion upgrades, river access, restrooms, parking, lighting, utilities, landscaping, and signage.

### PHASING

	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easements to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners; title work and surveys	requires property owner approval, purchase, or other; coord. possible use of KSH property.
Property Survey	construction easements, if needed	complete by 1/31/13 (partially complete)	determine need by 11/30/12	requires property owner approval
Misc. Reports/Permits	M&B and Topo surveys		identify property boundary and grades	
	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	review by TPWD
	GLO (state property use)	6/1/12	routing preference	approval by State, if needed
Design	-Trail Routing Options/Cost agreement - Halff team	complete	define route options w/ costs	complete May; prior to final design contract
Preliminary Design	-Final Design Contract - Halff Team	To follow trail route confirmation	all remaining design phases	requires Council approval
	schematic plan with amenities; prelim. costs	50% review - (partially complete)	all project elements	coord. with utilities projects
	final plans/specs/costs/ documents	75% review -	all project elements	
Construction Drawings	secure contractor	90% review -	all project elements	
Bidding/Contracts	build project	complete by late 2013	all project elements	project delay assoc. with approvals
Construction		early 2014	bid process, contract prep	project delay, bid cost, etc.
			sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B) [will include LHP/LMP Project 4B funding]					

## EIC Status Report Kerrville River Trail

## Package D

### SCOPE

Package D extends from a new trailhead at the Knapp Crossing Boat Ramp parking lot, runs adjacent to the river, ties into the Guadalupe St. r.o.w. (Package C). The 10' wide trail will be constructed of concrete. TBD - this package's design/construction expected to be integrated with private sector improvements. Total trail length: 0.2 miles

### Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, interpretive signage, and private improvement interface.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners construction easements, if needed	complete by 1/31/13 complete by 1/31/13	CoK to secure easements from property owners determine need by 11/30/12	requires property owner approval, purchase, or other requires property owner approval
Property Survey	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
Misc. Reports/Permits	LOMR TPWD (land & water permit)		flood impact, if any if needed	may require submittal to FEMA review by TPWD
Design	TBD	(partially complete)		
Routing	location of trail	(partially complete)	define gradients and layout	
Preliminary Design	schematic plan with amenities; prelim. costs	50% review - 75% review - 90% review -	all project elements all project elements all project elements	
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	2014	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	2014	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

# EIC Status Report Kerrville River Trail

## Package E

### SCOPE

Package E extends from west terminus of trail on Junction Hwy along the river's edge, connect to a new trailhead at the Cypress Boat Ramp parking lot, to the trailhead at the Knapp Crossing trailhead. The 10' wide trail will be constructed of concrete. Total trail length: up to 1 mile

### Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners	requires property owner approval, purchase, or other
Property Survey	construction easements, if needed	complete by 1/31/13	determine need by 1/30/12	requires property owner approval
Misc. Reports/Permits	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	review by TPWD
Design	-Trail Confirmation/Cost agreement - Half team	approval 3/19/12	define route options w/ costs	complete March 20; prior to final design contract
	-Final Design Contract – Half Team	negotiate by 4/14/12	all remaining design phases	requires Council approval (May)
Preliminary Design	schematic plan with amenities; prelim. costs	50% review – (partially complete) 75% review – 90% review –	all project elements all project elements all project elements	coord. with utilities projects
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	2014	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	2014	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

# EIC Status Report Kerrville River Trail

# Package F

## SCOPE

Package F extends from G St. (Package B terminus) along the river to near Kerrville Schreiner Park. The 10' wide trail will be constructed of concrete. Consultant team scope will include design criteria used throughout the River Trail Project. Total trail length: up to 2 miles

## Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners	requires property owner approval, purchase, or other
Property Survey	construction easements, if needed	complete by 1/31/13	determine need by 11/30/12	requires property owner approval
Misc. Reports/Permits	M&B and Topo surveys	partially complete	identify property boundary and grades	coord. w/ utilities projects
	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	
Design	-Trail Confirmation/Cost agreement - Terra Design Group (TDG) team	approval 3/19/12	define route options w/ costs	complete March 20; prior to final design contract
	-Final Design Contract – TDG Team	negotiate by 4/14/12	all remaining design phases	requires Council approval (May)
Preliminary Design	schematic plans with amenities; prelim. costs	50% review – 75% review – 90% review –	all project elements all project elements all project elements	coord. with utilities projects
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	mid 2013	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	late 2013	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

## **Other Services to be Evaluated**

Required reporting and permitting may dictate additional professional services or consolidation of services assigned to the design teams. These include, but are not limited to, the following.

1. Floodplain/Floodway Impact, Hydraulic Analysis, Section 404 – Clean Water Act submittals (Corps of Engineers), and Flood Insurance Rate Map/ Letter of Map Revision preparation and submittal (CoK, FEMA) may be best completed by one firm in order to comprehensively address the issues and data collection/reporting. This could avoid multiple submittals (costs) and reduce mistakes and need for resubmittals. We will make a determination on this approach in the near future.
2. Archeological and Environmental Surveys and Section 404 review will need to be completed in areas where sensitive site conditions are probable. We anticipate now extreme findings in the initial surveys/reports; however, if further study is required by state or federal agencies, those services will require amendments to the consultant contracts.
3. TDLR permitting for ADA compliance, CoK building permits, Texas Historical Commission plan review, any other city or state agency submittals, will best be submitted by each of the design teams at the time of plan completion. This keeps regulation compliance with the design teams.

**Agenda Item:**  
**(Staff)**

6D. Update on Kerrville Economic Development Corporation.

**Agenda Item:**  
**(Staff)**

6E. Update regarding "Go" Team activities.

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

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**SUBJECT:** 'Go' Team Update – June 2012

**FOR AGENDA OF:** June 18, 2012      **DATE SUBMITTED:** June 11, 2012

**SUBMITTED BY:** Mindy N. Wendele      **CLEARANCES:**  
Director of Business Programs

**EXHIBITS:**

**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>\$</b>	<b>\$</b>	<b>\$</b>	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

'Go' Team members met once this month to review two applications: Nature Blinds and Hill Country Shooting Sports Center. Representatives from Nature Blinds will be making a presentation concerning a request for their business expansion project. Hill Country Shooting Sports Center was informed of needed items to complete the application, but have decided to withdraw their request at this time.

**RECOMMENDED ACTION**

For discussion.