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OATH OF OFFICE

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS

I, **Larry Howard**, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of **Kerrville Public Utility Board of Trustees**, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

State of Texas
County of Kerr

Sworn to and subscribed before me this _____ day of _____, 2020.

(seal)

Notary Public Signature

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STATEMENT OF OFFICER

Statement

I, Larry Howard, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: Kerrville Public Utility Board of Trustees

Execution

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

Date: May 20, 2020

Signature of Officer

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, APRIL 15, 2020, AT 8:30 A.M.
WebEx Event 261 650 226**

TRUSTEES PRESENT:

Fred Gamble
Bill Thomas
Philip Stacy
Mark Cowden
(All Via Teleconference)

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Jill Sadberry, Chief Financial Officer
Robby McCutcheon, IT Manager
Gerald Bryla, Controller
Tammye Riley, HR Manager
Ricardo Berrios, Interim Manager of Engineering
Jo Anderson, Customer Service Manager
Allison Bueché, Marketing Manager
Adrian delaCruz, Sr. IT Technician
Lidia S. Goldthorn, Assistant Secretary to the Board
(All Via Teleconference)

TRUSTEES ABSENT:

Mayor Bill Blackburn

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
Gil Salinas, KEDC
Theresa Metcalf, KEDC
(All Via Teleconference)

1. CALL TO ORDER:

Mr. Mike Wittler, CEO, acknowledged that there was a quorum present via teleconference to include Chairman Fred Gamble, Vice-Chairman Bill Thomas, Secretary Philip Stacy and Treasurer, Mark Cowden. Chairman Gamble called the Regular Monthly Meeting to order at 8:36 a.m.

2. PLEDGE OF ALLEGIANCE:

3. APPROVAL OF MINUTES:

The Trustees reviewed the minutes of the March 25, 2020, Regular Monthly Board Meeting. Mark Cowden, Treasurer, motioned to approve the minutes. Bill Thomas, Vice Chairman, seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

4. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak, either through teleconference, phone calls, written statements, or emails.

5. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Mr. Wittler advised the next regular board meeting is scheduled for May 20, 2020 at 8:30 a.m. He also advised that the Investment Committee Meeting will be scheduled with members individually next week. Mr. Wittler added that Joseph Buenrostro and Justin Martinez are new Apprentices and are expected to complete the program in 2024. National Lineman Appreciation Day is April 18th; KPUB has ten Linemen and seven Apprentices in the program at this time. KPUB wanted to thank Kerrville Creations, and Rosalie and Annie Reast for employee mask donations. Kenneth Becker was recognized at the Texas Electric Cooperative Loss Control Conference in March for 30 years of safe work with no lost time accidents, he is a 31-year employee of KPUB. Also, Customer Service Representative, Emily Parker, placed first in the women’s division of the Woodlands Marathon back in March with a finishing time of 2hours, 44 minutes and 32 seconds. Chairman Gamble requested the Board’s congratulations be passed onto the employees on their accomplishments, and the Board’s gratitude to those who donated the masks.

6. COMMENDATION OF OUTGOING TRUSTEE, MR. FRED GAMBLE:

As this was the last meeting for Chairman Fred Gamble, Mr. Wittler expressed deep appreciation for Chairman Gamble’s years of service to KPUB and the community. His understanding and focus while serving on the Board, as well as training obtained for KPUB’s benefit has been greatly appreciated. Chairman Gamble is well-spoken and has represented KPUB well during his tenure. Chairman Gamble would like to personally thank the employees for all their hard work at the Service Awards Picnic when it can be held. Chairman Gamble stated he is extremely proud to have been able to serve on this Board. Mr. Wittler advised an antique meter lamp will be presented to Chairman Gamble at a future date.

7. AWARDING OF KPUB SCHOLARSHIPS FOR 2019-2020 SCHOOL YEAR – ALLISON BUECHÉ, MARKETING MANAGER:

Ms. Bueché reviewed the scholarship program advising this is the eighth year that KPUB has awarded scholarships to local area students. The deadline for this year’s scholarships was February 28, 2020 at 5:00 p.m. Fourteen qualified applications were received. She advised the KPUB Scholarship Selection Committee, consisting of Philip Stacy, Wade Ivy and Allison Bueché, thoroughly reviewed each application. Eligible applicants were scored on academic achievement, economic need, participation in school activities, community involvement and a short essay. The two applicants with the highest scores, who received this year’s scholarships, were Adin Viera and Jasmine Lopez. Adin Viera has been accepted to The University of Texas in Austin, and will major in Astronomy and minor in Physics at UT’s College of Natural Science. He is currently a senior at Tivy High School. Jasmine Lopez has been accepted to the University of Texas in Austin, where she will major in Arts and Entertainment Technologies. She is currently a senior at Center Point High School.

8. QUARTERLY REPORT FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GILBERT SALINAS, EXECUTIVE DIRECTOR:

Mr. Salinas took this opportunity to thank the Board for their leadership and partnership with the Kerrville Economic Development Board. Mr. Salinas and Theresa Metcalf of the KEDC gave an update on their projects and activities over the past quarter. Mr. Salinas advised that KEDC has partnered with the office of the Governor regarding strategies and assistance during the pandemic. Surveys have been conducted to determine what impact this had had on the economy and what resources are needed. He advised Kerrville has done better than the national average.

Mr. Salinas will be communicating with the offices of the Governor and Texas Workforce Commission regarding funds and retention resources that have been made available for local companies and will be providing this information on the KEDC website along with a business resource toolbox program. KEDC is working with businesses to weather the storm through webinars, podcasts, status reports, updates and information on resources available and where to apply. Ms. Metcalf added that informative podcasts will be available through YouTube and social media. KEDC will be participating in a small business series webinar through Governor's office and will be working on an initiative to provide a single access point for everything that is happening within the community. This will allow a centralized location to get information and find resources without having to search multiple locations. This will come in the form of a website titled Kerrville Together (kerrvilletogether.com), where people can go and find all the information they need not only regionally, but statewide and nationally. Chairman Gamble thanked Mr. Salinas and Ms. Metcalf for their report.

9. CONSIDERATION AND ACTION ON RESOLUTION NO. 20-07 – JILL SADBERRY, CFO:

Ms. SADBERRY presented this month's wire transfers for operating expenses to the Board. Mark Cowden, Treasurer, motioned for approval of Resolution No. 20-07. Bill Thomas, Vice-Chairman, seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

10. FINANCIAL REPORT – JILL SADBERRY, CFO:

Ms. SADBERRY presented Financial Statements (unaudited) for the Fiscal Year 2020 through March 31, 2020. Ms. SADBERRY reviewed the Statements and Balance Sheets for the month. She stated at March 31, 2020, operating expenses, excluding power cost, were below budget by \$120,134.57 or by 2.07%. The balance in the over-collected power cost was \$2,201,822.76. Ms. SADBERRY noted the balance in the Rate Stabilization Fund was \$1,894,418.42. The Debt Service coverage was 2.93 for the month and 11.27 for the Fiscal Year.

11. ENGINEERING AND OPERATIONS PROJECTS, CAPITAL BUDGET AND RELIABILITY REPORTS – RICARDO BERRIOS, INTERIM MANAGER OF ENGINEERING:

Mr. BERRIOS presented a spreadsheet summarizing spending for the Capital Budget through the second quarter of fiscal year end 2020. Mr. BERRIOS also presented the quarterly reliability reports summarizing industry performance indices by substation, feeder, and entire system by month. In the monthly summary, total number of customers connected was also reflected. Service summary also identified common outage causes and Major Event Day threshold including the day the event occurred. Mr. BERRIOS advised that KPUB was commended by the American Public Power Association for achieving exceptional electric reliability in 2019. KPUB is in the top quartile (25%) of utilities for System Average Interruption Duration Index (SAIDI) based on the EIA data; qualifying for the 2019 Certificate of Excellence in Reliability.

12. DISCUSSION TO REVIEW THE COVID-19 IMPACT ON THE EMPLOYEE INCENTIVE PLANS – TAMMYE RILEY, HR MANAGER AND MIKE WITTLER, CEO:

Ms. RILEY advised that the Employment Incentive Plan goals have been reviewed and will be monitored periodically. She added that most only require minor adjustments such as small delays. She advised employees have been striving to obtain their goals throughout the year and she will continue to monitor their progress.

Mr. Wittler advised KPUB is providing all regular services with some minor impacts caused by implementation of social distancing guidelines. There have been no reliability impacts caused by COVID-19. Mr. Wittler gave the Board an update on steps that have been taken since March 17th. He highlighted additional strategies conducted by staff and employees to maintain social distancing guidelines as well as twice a week management conference calls to coordinate information and stay updated. Mr. Wittler went over some of the impact to customer accounts, advising that at some point Staff and Board will need to look at options to assist in getting delinquent accounts back up to date. Mr. Wittler added that Staff has been and will continue to monitor expenditures and manage costs. Chairman Gamble commended staff for their efforts.

13. MOTION AND VOTE TO RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – ECONOMIC DEVELOPMENT MATTERS:

In accordance with Texas Status Subchapter D, Chapter 551, Government Code Section §551.087, the Kerrville Public Utility Board will recess to discuss the following “Business Prospect/Economic Development Matter”:

- A. Sky Master Economic Development Project

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Effective Fuel and Purchased Power Agreements and Fuel Transportation Arrangements and Contracts;
 - (1) Consideration and Action on Wholesale Purchase Power Contracts – Mike Wittler, CEO:

Chairman Gamble asked the Board of Trustees if he had a motion that the Board convene in Executive Closed Session for “Economic Development Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.087, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Mr. Cowden so moved. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

The Board entered Executive Closed Session at 9:29 a.m. Chairman Gamble adjourned the Executive Closed Session and reconvened into Open Session at 10:01 a.m.

13. ADJOURNMENT

Chairman Gamble adjourned the Regular Board Meeting at 10:01 a.m.

Date Approved: _____

Bill Thomas, Vice Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

TO: Bill Thomas
Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

FROM: Jill Sadberry

DATE: May 13, 2020

SUBJECT: Agenda Item #7 - Resolution No. 20-08

Presented for your review, wire transfers for operating expenses.

I. WIRE TRANSFERS - Operating Expense

ERCOT-CRR Auction Invoice Paid April 15, 2020 Transfer from TexPool Investment Fund to ERCOT.	\$ 10.06
ERCOT-CRR Auction Invoice Paid April 22, 2020 Transfer from TexPool Investment Fund to ERCOT.	\$ 75,973.33
ERCOT-CRR Auction Invoice Paid May 06, 2020 Transfer from TexPool Investment Fund to ERCOT.	\$ 144,490.63
LCRA - Power Cost Billing 03/01/2020 to 03/31/2020 Paid April 30, 2020 Transfer from TexPool Investment Fund to LCRA.	\$ 522,779.02
CPS ENERGY - Power Cost Billing 03/01/2020 to 03/31/2020. Paid April 29, 2020 Transfer from TexPool Investment Fund to CPS ENERGY.	\$ 960,507.58
NEXTERA - Power Cost Billing 03/01/2020 to 03/31/2020. Paid April 20, 2020 Transfer from TexPool Investment Fund to NEXTERA.	\$ 484,436.00

CITY OF GARLAND - Power Cost Billing 03/01/2020 to 03/31/2020.
 Paid April 30, 2020 Transfer from TexPool Investment Fund
 to CITY OF GARLAND. \$ 366,300.97

DG TEXAS SOLAR, LLC - Power Cost Billing 03/01/2020 to 03/31/2020.
 Paid April 27, 2020 Transfer from TexPool Investment Fund
 to DG TEXAS SOLAR, LLC. \$ 34,009.47

II. WIRE TRANSFERS – Investments

A. Transfer from Centennial Bank Revenue Fund to TexPool Investment Fund:

<u>Date</u>	<u>Principal</u>
April 13, 2020	\$ 300,000.00
April 17, 2020	500,000.00
April 24, 2020	200,000.00
April 30, 2020	200,000.00
May 01, 2020	200,000.00
May 07, 2020	400,000.00
May 08, 2020	200,000.00

III. WIRE TRANSFERS - Payroll

Automated Clearing House for Pay Periods Ending:
 April 17, 2020 \$ 103,883.48
 May 01, 2020 \$ 103,226.58

IV. WIRE TRANSFERS - Payroll - Federal Reserve Bank

Federal Withholding and FICA for Period Ending:
 April 17, 2020 \$ 37,399.73
 May 01, 2020 \$ 37,122.76

V. WIRE TRANSFER - Comptroller of Public Accounts
 2020 - Sales and Use Tax – Paid 05/06/2020 \$ 55,830.28

VI. WIRE TRANSFER - TMRS and TML

Texas Municipal Retirement System (TMRS)
 Retirement Plan Contribution
 for the month of April – Paid 05/06/2020 \$ 64,798.08

Texas Municipal League (TML)
 Monthly Premium - Medical, Dental, Vision and Life
 for the month of April – Paid 05/01/2020 \$ 58,557.89

If you have any questions on the items presented for payment, I will be happy to answer them at your convenience.

Sincerely,

Jill Sadberry
Chief Financial Officer

RESOLUTION NO. 20-08

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER / CEO.

WHEREAS, the providers of services or material have submitted invoices for payment;
and

WHEREAS, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

WHEREAS, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

Section 2. That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

Section 3. This Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 20th day of May, 2020

Bill Thomas, Vice Chairman

ATTEST:

Philip Stacy, Secretary

MEMORANDUM

To: Bill Thomas
Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

From: Jill Sadberry

Date: April 12, 2020

Re: Agenda Item No. 8 — Financial Report

Operating income for the month of April is \$214,645.78, which is above budget by \$547,066.78. Net income for the month is \$240,203.45, which is above budget by \$525,353.45. Year to date operating income is above budget by \$335,791.24 and net income is above budget by \$283,373.64.

For the year, kWh sales are above budget by 5,220,920 kWhs, or by 1.99%.

At April 30, 2020, operating expenses, excluding power cost, are below budget by \$155,612.30 or by 2.30%.

The balance in the over collected power cost at April 30, 2020 was \$1,360,826.11.

The balance in the Rate Stabilization Fund is \$1,895,436.76.

Debt service coverage for April is 12.91. The coverage factor for the fiscal year is 11.5.

Sincerely,

Jill Sadberry
Chief Financial Officer

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Retained Earnings
April 30, 2020
(UNAUDITED)



	Comparison to Budget			Comparison to Last Year		
	Current Month	Current Budget Amount	Percentage Increase (Decrease)	Current Month Last Year Amount	Increase (Decrease)	Percentage Increase (Decrease)
OPERATING REVENUES:						
Residential	1,897,069.61	1,553,146.00	343,923.61	1,838,978.46	58,091.15	3.16%
Commercial/Industrial	1,495,396.31	1,327,062.00	168,334.31	1,484,036.07	11,360.24	0.77%
Sales to Public Authorities	23,112.48	23,500.00	(387.52)	23,155.84	(43.36)	-0.19%
Other	13,388.72	36,350.00	(22,961.28)	35,548.49	(22,159.77)	-62.34%
TOTAL OPERATING REVENUES	3,428,967.12	2,940,058.00	488,909.12	3,381,718.86	47,248.26	1.40%
OPERATING EXPENSES:						
Purchased Power	2,274,090.07	2,296,770.00	(22,679.93)	2,090,643.10	183,446.97	8.77%
Distribution	232,699.99	265,509.00	(32,809.01)	229,388.05	3,311.94	1.44%
Customer Accounting	52,096.26	64,300.00	(12,203.74)	62,305.39	(10,209.13)	-16.39%
Customer Service & Informational	8,671.37	27,700.00	(19,028.63)	30,617.26	(21,945.89)	-71.68%
Administrative Expenses	356,123.67	328,300.00	27,823.67	224,067.69	132,055.98	58.94%
Franchise Fees - Ingram	1,759.03	2,100.00	(340.97)	2,244.80	(485.77)	-21.64%
Depreciation	288,940.20	291,000.00	(2,059.80)	236,250.10	52,690.10	22.30%
Other	(59.25)	(3,200.00)	3,140.75	(2,722.25)	2,663.00	-97.82%
TOTAL OPERATING EXPENSES	3,214,321.34	3,272,479.00	(58,157.66)	2,872,794.14	341,527.20	11.89%
OPERATING INCOME/(LOSS)	214,645.78	(332,421.00)	547,066.78	508,924.72	(294,278.94)	-57.82%
NONOPERATING REVENUES (EXPENSES):						
Revenue Fund, Constr, Emerg	18,293.69	35,808.00	(17,514.31)	41,465.09	(23,171.40)	-55.88%
Interest & Sinking Fund	143.65	479.00	(335.35)	486.75	(343.10)	-70.49%
Reserve Fund	-	-	-	-	-	-
Interest Inc-City of Kerrville	15,000.00	15,000.00	-	15,000.00	-	0.00%
Interest Expense	(11,215.55)	(11,216.00)	0.45	(11,859.08)	643.53	-5.43%
AFUDC - Borrowed Funds	3,005.51	2,500.00	505.51	2,882.30	123.21	4.27%
Other - net	330.37	4,700.00	(4,369.63)	376.76	(46.39)	-12.31%
TOTAL NONOPERATING REVENUES (EXPENSES):	25,557.67	47,271.00	(21,713.33)	48,351.82	(22,794.15)	-47.14%
NET INCOME/(LOSS)	240,203.45	(285,150.00)	525,353.45	557,276.54	(317,073.09)	-56.90%
RETAINED EARNINGS AT BEGINNING OF MONTH	68,467,827.96			66,479,138.77	(377,300.00)	309.57%
Plus: Contributions in Aid of Const	10,129.95	9,000.00	1,129.95	2,473.29	7,656.66	-14.25%
Less: General Fund Transfer - Reg	81,807.51	89,300.00	(7,492.49)	95,398.90	(13,591.39)	-14.25%
Less: General Fund Transfer - Spec	-	-	-	-	-	-
RETAINED EARNINGS AT END OF MONTH	68,636,353.85			66,943,489.70		
Percent of Net Income to Op Rev	7.01%			16.48%		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Retained Earnings
April 30, 2020
(UNAUDITED)

	Year to Date	Comparison to Budget		Year to Date Budget Amount	Comparison to Last Year		
		Increase (Decrease)	Percentage Increase (Decrease)		Last Year Amount	Increase (Decrease)	Percentage Increase (Decrease)
OPERATING REVENUES:							
Residential	13,366,440.70	13,051,885.00	314,555.70	2.41%	13,723,494.17	(357,053.47)	-2.60%
Commercial/Industrial	9,675,887.98	9,819,176.00	(143,288.02)	-1.46%	9,781,996.00	(106,108.02)	-1.08%
Sales to Public Authorities	162,505.00	164,500.00	(1,995.00)	-1.21%	153,039.44	9,465.56	6.19%
Other	186,650.78	415,150.00	(228,499.22)	-55.04%	375,903.91	(185,903.91)	-49.90%
TOTAL OPERATING REVENUES	23,391,484.46	23,450,711.00	(59,226.54)	-0.25%	24,031,084.30	(639,599.84)	-2.66%
OPERATING EXPENSES:							
Purchased Power	15,746,276.52	15,985,682.00	(239,405.48)	-1.50%	16,039,122.20	(292,845.68)	-1.83%
Distribution	1,900,368.33	1,840,734.00	59,634.33	3.24%	1,581,578.18	318,790.15	20.16%
Customer Accounting	371,104.28	446,700.00	(75,595.72)	-16.92%	493,995.62	(122,891.34)	-24.88%
Customer Service & Informational	125,644.11	191,100.00	(65,455.89)	-34.25%	106,537.16	19,106.95	17.93%
Administrative Expenses	2,217,070.84	2,272,500.00	(55,429.16)	-2.44%	1,852,988.21	364,082.63	19.65%
Franchise Fees - Ingram	16,713.62	17,100.00	(386.38)	-2.26%	17,911.12	(1,197.50)	-6.69%
Depreciation	1,998,842.56	2,026,500.00	(27,657.44)	-1.36%	1,636,167.59	362,674.97	22.17%
Other	(13,122.04)	(22,400.00)	9,277.96	-41.42%	(9,731.54)	(3,390.50)	34.84%
TOTAL OPERATING EXPENSES	22,362,898.22	22,757,916.00	(395,017.78)	-1.74%	21,718,568.54	644,329.68	2.97%
OPERATING INCOME	1,028,586.24	692,795.00	335,791.24	48.47%	2,312,515.76	(1,283,929.52)	-55.52%
NONOPERATING REVENUES (EXPENSES):							
Revenue Fund	227,940.54	250,656.00	(22,715.46)	-9.06%	277,586.03	(49,645.49)	-17.88%
Interest & Sinking Fund	1,622.48	3,353.00	(1,730.52)	-51.61%	2,390.72	(768.24)	-32.13%
Reserve Fund	-	-	-	-	-	-	-
Interest Inc-City of Kerrville	105,000.00	105,000.00	-	0.00%	105,000.00	-	0.00%
Interest Expense	(79,152.38)	(79,155.00)	2.62	0.00%	(83,339.25)	4,186.87	-5.02%
AFUDC - Borrowed Funds	19,721.21	17,500.00	2,221.21	12.69%	18,040.56	1,680.65	9.32%
Other - net	2,704.55	32,900.00	(30,195.45)	-91.78%	(55.90)	2,760.45	-4938.19%
TOTAL NONOPERATING REVENUES (EXPENSES):	277,836.40	330,254.00	(52,417.60)	-15.87%	319,622.16	(41,785.76)	-13.07%
NET INCOME	1,306,422.64	1,023,049.00	283,373.64	27.70%	2,632,137.92	(1,325,715.28)	-50.37%
RETAINED EARNINGS AT BEGINNING OF MONTH	67,949,736.54				64,988,632.92		
Plus: Contributions in Aid of Constr	131,796.16	63,000.00	68,796.16	109.20%	114,471.81	17,324.35	15.13%
Less: General Fund Transfer - Reg	701,601.49	605,820.00	95,781.49	15.81%	767,252.95	(65,651.46)	-8.56%
Less: General Fund Transfer - Spec	50,000.00	45,920.00	4,080.00		24,500.00	25,500.00	
RETAINED EARNINGS AT END OF MONTH	68,636,353.85				66,943,489.70		
Percent of Net Income to Operating Revenue							10.95%



Kerrville Public Utility Board
Balance Sheets
April 30, 2020

	April 30, 2020 (Unaudited)	October 1, 2019	April 30, 2020 (Unaudited)	October 1, 2019
Assets				
Utility Plant:				
Electric Plant in Service	84,204,587.01	80,570,016.90	68,636,353.85	67,949,781.81
Less: Accumulated Depreciation	(40,072,793.01)	(38,511,913.89)		
	44,131,794.00	42,058,103.01	68,636,353.85	67,949,781.81
Construction Work in Progress	2,719,222.24	4,204,554.83		
Net Utility Plant	46,851,016.24	46,262,657.84		
Restricted Assets:				
Cash and Cash Equivalents:				
Customer Deposits	549,926.00	538,441.01		
Total Cash and Cash Equivalents	549,926.00	538,441.01		
Investments:				
2013 Bond Construction Fund	-	-	3,680,000.00	4,081,000.00
Interest and Sinking Fund	267,936.95	443,403.47		
Emergency, Repair, Replace, Conting Fund	3,531,764.31	3,513,053.00		
L.T. Rate Stabilization Fund:	633,079.61	540,000.00		
Total Investments	4,432,780.87	4,496,456.47		
Total Restricted Assets	4,982,706.87	5,034,897.48		
Current Assets:				
Revenue Fund:				
Cash and Cash Equivalents	398,653.03	374,685.93		
Investments - Less: Customer Deposits	10,290,575.88	11,408,481.71		
Total Revenue Fund	10,689,228.91	11,783,167.64		
Construction Fund:				
Cash and Cash Equivalents	5,062.39	5,020.01		
Investments	2,756,784.62	1,666,500.10		
Total Construction Fund	2,761,847.01	1,671,520.11		
Rate Stabilization Fund:				
Cash and Cash Equivalents	1,895,436.76	1,885,402.35		
Investments	1,895,436.76	1,885,402.35		
Total Rate Stabilization Fund	3,790,873.52	3,770,804.70		
ERCOT CRR Auction Funds	157,536.99	157,536.99		
Customer Accounts Receivable, Net of Allowances	2,847,985.96	4,279,221.69		
Materials and Supplies	999,512.88	1,151,297.03		
Other	1,004,508.67	891,047.50		
Total Current Assets	20,356,057.18	21,819,193.31		
Deferred Debits				
Deferred Outflow of Resources	2,735,450.53	2,735,450.53		
Advance to City of Kerrville	7,500,000.00	7,500,000.00		
Total	82,425,230.82	83,352,199.16		
Liabilities and Equity				
Equity:				
Retained Earnings - Unreserved			68,636,353.85	67,949,781.81
Total Equity			68,636,353.85	67,949,781.81
Liabilities:				
Long-Term Debt:				
2013 Revenue Bonds			3,680,000.00	4,081,000.00
Net of Current Portion			-	-
Plus: Unamortized Premium			-	-
Less: Unamortized Refunding Charge			-	-
Pension Liability			3,534,559.00	3,534,559.00
Total Long-Term Debt			7,214,559.00	7,615,559.00
Current Liabilities Payable				
from Restricted Assets:				
Current Portion of 2013 Revenue Bonds			401,000.00	392,000.00
Accrued Interest Payable			67,293.30	59,295.42
Accounts Payable 2013 Bond Fund			-	-
Customer Deposits			549,926.00	532,451.01
			1,018,219.30	983,746.43
Current Liabilities:				
Accounts Payable - Power Suppliers			2,240,017.28	2,009,744.93
Accounts Payable and Accrued Liab's			701,821.28	1,199,839.07
Over Collection of Power Cost Adj Revs			1,360,826.11	2,340,093.92
			4,302,664.67	5,549,677.92
Total Liabilities			12,535,442.97	14,148,983.35
Deferred Credits				
Deferred Inflows of Resources-Pension			1,253,434.00	1,253,434.00
Total			82,425,230.82	83,352,199.16

Kerrville Public Utility Board
 Detail of Fund Balances from Funds Invested in Government Securities For the Month Of
 April 30, 2020

	Revenue Fund	Construction Fund	Stabilization Fund	Rate Fund	Long Term Rate Stabil. Fund	Debt Reserve Fund	Restricted		Total Funds Invested
							Interest & Sinking Fund	Emergency, Repair, Replace & Contingency Fund	
Beginning of the Month Balance	11,326,807.45	2,757,623.69	1,894,418.42	632,739.48	-	267,232.85	3,539,814.97	20,418,636.86	
Maturities and/or Withdrawals:									
TEXPOOL-TML Insurance	(59,992.15)							(59,992.15)	
TEXPOOL-TMRS (employer)	(43,007.86)							(43,007.86)	
TEXPOOL-TMRS (employee)	(21,503.93)							(21,503.93)	
TEXPOOL-LCRA	(522,779.02)							(522,779.02)	
TEXPOOL-CPS Energy	(960,507.58)							(960,507.58)	
TEXPOOL-NextEra	(484,436.00)							(484,436.00)	
TEXPOOL-ERCOT	(9,356.97)							(9,356.97)	
TEXPOOL-ERCOT	(10.06)							(10.06)	
TEXPOOL-ERCOT	(76,973.33)							(76,973.33)	
TEXPOOL-City of Garland	(366,300.97)							(366,300.97)	
TEXPOOL-DG Southwest Solar LLC	(34,009.47)							(34,009.47)	
Stadium Equipment Upgrade	-							-	
Ingram Equipment Upgrade	-							-	
Hunt Emergency Transformer Replacement	-							-	
Investments:									
TEXPOOL	300,000.00							300,000.00	
TEXPOOL	400,000.00							400,000.00	
TEXPOOL	300,000.00							300,000.00	
TEXPOOL	400,000.00							400,000.00	
TEXPOOL	500,000.00							500,000.00	
TEXPOOL	200,000.00							200,000.00	
TEXPOOL	-							-	
TEXPOOL	-							-	
TEXPOOL	-							-	
TEXPOOL	-							-	
TEXPOOL	-							-	
TEXPOOL	-							-	
Allocation of:									
no int earned to the separate funds	6,429.38	1,482.35	1,018.34	340.13	-	143.65	1,902.87	11,316.71	
Interest Receivable (accrued on CD)	5,397.34						1,643.84	7,041.18	
Interest Receivable (accrued on CD)	(32,707.61)							(32,707.61)	
Tot Fund Bal after int allocation & Xfer	10,827,049.22	2,759,106.04	1,895,436.76	633,079.61	-	267,376.50	3,543,361.68	19,925,409.80	
Interfund transfers	-							-	
Total Fund Balance at End of Month	10,827,049.22	2,759,106.04	1,895,436.76	633,079.61	-	267,376.50	3,543,361.68	19,925,409.80	

Kerrville Public Utility Board
 Computation of the Monthly and Year to Date Debt Service Coverage
 For the Month Ended April 30, 2020

Description	Current Month	Fiscal Year	Previous Twelve Months with PCAOU reversal
Net Income	240,203.45	1,306,377.57	4,034,674.44
Plus:			
Interest Expense (net of amortizations)	8,210.04	59,431.17	107,111.29
Depreciation Expense	288,940.20	1,998,842.56	3,603,688.46
Miscellaneous Amortizations	-	-	-
Numerator	537,353.69	3,364,651.30	7,745,474.19
DIVIDED BY:			
Interest Expense (net of amortizations)	8,210.04	59,431.17	107,111.29
Principal Payment Due	33,416.67	233,166.67	396,500.00
Denominator	41,626.71	292,597.84	503,611.29
Debt Service Coverage Ratio	12.91	11.5	15.38
Minimum Requirement per Bond Covenant		1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices		1.65	times Debt Service

	Q 3 TOTAL	Q 4 TOTAL	Q 1 TOTAL	January-20	February-20	March-20	Q 2 TOTAL	GRAND TOTAL
SPX TRANSFORMER SOLUTIONS INC	626,120.00	-	696,920.00	-	-	-	-	1,323,040.00
CITY OF KERRVILLE	290,423.98	511,117.04	214,337.10	102,225.67	112,241.74	11,088.95	225,556.36	1,241,434.48
LOWER COLORADO RIVER AUTHORITY	21,240.64	183,495.71	19,001.94	365,027.02	1,342.34	35,838.66	1,342.34	625,946.31
TEXAS ELECTRIC COOPERATIVES INC	236,981.61	139,137.29	68,387.76	46,652.08	30,613.94	17,946.35	95,212.38	539,719.04
NATIONAL TREE EXPERT CO INC	137,239.52	169,477.42	79,955.75	44,214.06	31,259.07	-	75,473.13	462,145.82
BRANDT INDUSTRIAL	135,398.65	300,577.04	-	-	-	-	-	436,975.69
LINETEC SERVICES LLC	-	388,719.20	-	-	-	-	-	388,719.20
NSC INC	92,438.80	129,827.21	60,359.09	27,095.69	28,365.30	27,279.65	82,740.64	365,465.74
GREENSTONE ELECTRICAL SERVICES LLC	51,003.41	-	13,943.00	107,620.00	107,968.69	-	215,588.69	280,535.10
ANIXTER INC	78,158.60	6,080.40	58,298.36	25,307.58	68,721.44	2,878.12	97,007.14	239,544.50
TECHLINE INC	42,674.19	112,990.94	29,164.51	15,802.30	27,703.90	2,869.66	46,375.86	231,205.50
LONGHORN COMMERCIAL ROOFING LLC	221,750.00	-	60,402.84	8,877.50	18,385.16	4,850.00	32,112.66	221,750.00
SCHNEIDER ENGINEERING INC	43,535.13	34,021.50	-	-	-	-	-	170,072.13
TESSCO ENERGY SERVICES	-	159,504.31	33,732.56	18,105.65	9,885.73	11,778.18	39,769.56	159,504.31
COMPUER SOLUTIONS	40,059.77	28,585.60	45,536.64	246.40	246.40	374.40	867.20	157,656.79
CARD SERVICE CENTER	79,691.68	30,166.15	-	33,064.27	61,720.66	-	94,784.93	154,681.12
KEN STOEPEL FORD	21,086.00	86,634.00	-	-	-	-	-	124,951.08
MCFARLAND CASCADE	8,955.16	10,095.00	27,268.75	1,500.65	21,684.17	38,093.00	61,277.82	107,720.00
KBS ELECTRICAL DISTRIBUTORS INC	-	-	105,000.00	-	-	-	-	105,000.00
DAVEY RESOURCE GROUP	6,172.08	48,369.98	39,042.61	-	-	2,195.00	2,195.00	95,779.67
DELLMARKETING LP	81,392.30	-	-	-	-	-	-	81,392.30
COOPER POWER SYSTEMS	-	19,264.65	14,983.15	25,459.95	-	19,490.46	44,950.41	79,196.21
GDS ASSOCIATES	46,185.50	28,414.00	17,729.33	-	17,861.04	-	17,861.04	74,599.50
UTILITY RESTORATION SERVICES INC	17,289.14	20,095.33	-	32,045.28	-	-	32,045.28	72,974.84
MAXEY ENERGY COMPANY	-	30,360.34	-	13,860.00	-	-	33,481.00	62,405.62
CITY OF INGRAM	20,962.33	7,837.50	-	-	-	19,621.00	33,481.00	62,280.83
SECUREWORKS INC	-	44,775.00	-	-	-	15,740.00	15,740.00	60,515.00
VERDEK	12,355.32	18,254.97	9,039.85	3,476.55	4,010.41	4,253.55	11,740.51	51,390.65
COOPERATIVE RESPONSE CENTER INC	17,741.93	9,159.93	3,666.06	12,687.88	2,772.90	4,498.83	19,959.61	50,527.53
WESCO DISTRIBUTION INC	7,350.40	4,051.59	50,000.00	-	-	-	-	50,000.00
KERRVILLE ECONOMIC DEVELOPMENT CORP	5,883.83	6,225.95	28,779.52	2,787.96	4,261.75	8,928.42	8,928.42	49,109.93
SHI GOVERNMENT SOLUTIONS INC	6,847.35	1,479.50	3,469.73	15,498.76	8,470.07	20,996.75	28,046.46	46,628.12
STUART C IRBY COMPANY	-	-	-	-	-	7,874.20	31,843.03	43,639.61
DAVIDSON TROILO REAM & GARZA	42,604.00	-	-	-	-	-	-	42,604.00
SOUTHERN STATES LLC	-	-	-	-	-	-	-	-
TOWNSEND TREE SERVICE COMPANY LLC	9,013.69	16,393.18	4,750.55	4,585.84	12,085.20	29,152.73	41,237.93	41,237.93
KRAUSS GARAGE	7,635.55	16,853.34	4,934.97	2,518.71	2,362.49	1,391.20	8,339.53	36,496.95
KERRVILLE PUBLIC UTILITY BOARD-ELECTRIC	-	9,000.00	25,500.00	-	2,582.91	2,471.32	7,572.94	36,996.80
BOLINGER, SEGARS, GILBERT & MOSS LLP	-	1,780.00	34,445.29	-	2,000.00	-	2,000.00	36,500.00
OSMOSE UTILITIES SERVICES INC	7,974.54	11,452.24	5,945.34	2,953.39	3,130.85	3,208.18	9,292.42	34,664.54
USIC LOCATING SERVICES INC	7,497.67	10,226.94	5,590.59	2,806.42	2,806.42	2,806.42	8,419.26	31,734.46
AMERICAN FIDELITY ASSURANCE CO	8,750.00	10,850.00	4,000.00	2,000.00	2,000.00	2,000.00	6,000.00	29,600.00
JUAN JOSE MARTINEZ JR	6,640.00	17,286.25	5,256.40	-	-	-	-	29,182.65
INCEPTION CONCEPTS LLC	2,779.00	24,570.00	1,728.00	-	-	-	-	29,077.00
C & M CONCRETE PRECAST CO	-	26,914.00	-	-	-	-	-	26,914.00
PRIESTER-MELL & NICHOLSON INC	4,530.17	8,910.68	4,441.25	4,514.60	-	367.05	367.05	27,281.05
METROPOLITAN LIFE INS CO	3,579.98	8,513.77	4,747.51	-	5,920.41	4,572.50	9,087.10	26,969.20
WINDSTRAM COMMUNICATIONS	11,071.98	1,535.99	2,502.37	9,323.74	-	2,646.24	8,566.65	25,407.91
FR DEPOT	4,050.09	10,437.83	2,592.37	3,835.76	72.57	3,295.08	9,323.74	24,434.08
VERTIZON WIRELESS	-	-	-	-	-	24,000.00	24,000.00	24,000.00
LANDIS+GYR TECHNOLOGY INC	-	-	23,875.00	-	-	-	-	23,875.00
RAPID7 LLC	-	-	23,800.00	-	-	-	-	23,800.00
SURVALENT TECHNOLOGY INC	20,366.28	1,935.00	50.00	785.00	-	-	785.00	23,136.28
AMERICAN PUBLIC POWER ASSN CORP	1,350.00	17,757.00	-	975.00	2,500.00	-	3,475.00	22,582.00
TEXAS PUBLIC POWER ASSOC	4,687.19	918.00	15,933.30	-	-	-	-	21,548.49
MAC CONSULTING	8,996.78	9,250.32	758.40	-	1,248.00	809.28	2,057.28	21,062.78
STROEHER & OLFE'S INC	19,299.00	-	-	-	-	-	-	19,299.00
ECONPLIANCE INC	10,873.14	1,161.56	1,575.00	3,168.00	720.00	-	3,888.00	17,497.70
RELIABLE STAFFING CORPORATION INC	421.00	17,146.00	14,891.34	-	-	-	-	17,146.00
CALEB BECKERD MIZELL	7,012.78	3,267.50	-	3,752.00	-	-	-	15,522.34
SOLARWINDS	3,637.52	3,475.89	3,368.76	1,112.28	-	-	-	14,032.28
M&S ENGINEERING	6,705.00	1,374.02	1,568.43	1,453.22	1,112.28	13,908.55	3,752.00	13,908.55
MCCORD ENGINEERING INC	4,012.20	10,000.00	605.00	605.00	605.00	935.00	2,145.00	13,819.01
HILL COUNTRY TELEPHONE COOPERATIVE INC	-	-	-	-	-	-	-	11,100.67
TOMMY NYLEC	-	-	-	-	-	-	-	10,476.72
LONESTAR FIELD SERVICES	-	-	-	-	-	-	-	10,000.00
FEDRESULTS INC	2,552,434.88	2,817,848.48	1,878,350.30	945,944.22	586,660.84	349,371.01	1,891,976.07	9,140,605.73

**Kerrville Public Utility Board
Schedule of Average Daily Balance of Fund
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended March 31, 2020**

Total Funds Invested

Day of the Month	January 2020	February 2020	March 2020	Totals
1	\$20,546,550.28	\$20,746,869.47	\$20,258,244.72	
2	\$20,586,733.69	\$20,746,869.47	\$20,584,546.19	
3	\$20,690,736.14	\$21,177,034.16	\$20,619,548.75	
4	\$20,690,736.14	\$21,208,076.52	\$20,707,048.55	
5	\$20,690,736.14	\$21,273,957.16	\$20,614,129.16	
6	\$21,065,989.49	\$21,179,443.40	\$20,796,632.39	
7	\$20,968,362.13	\$21,366,445.19	\$20,796,632.39	
8	\$21,065,073.23	\$21,366,445.19	\$20,796,632.39	
9	\$20,809,732.63	\$21,366,445.19	\$21,174,132.72	
10	\$21,064,698.37	\$21,646,346.61	\$21,230,526.71	
11	\$21,064,698.37	\$21,712,685.16	\$21,241,304.43	
12	\$21,064,698.37	\$21,656,525.17	\$21,201,654.57	
13	\$21,295,060.84	\$21,566,818.08	\$21,507,790.12	
14	\$21,365,681.34	\$21,617,766.10	\$21,507,790.12	
15	\$21,439,583.93	\$21,617,766.10	\$21,507,790.12	
16	\$21,491,195.16	\$21,617,766.10	\$21,854,205.22	
17	\$21,705,517.71	\$21,617,766.10	\$21,888,678.54	
18	\$21,705,517.71	\$21,790,338.17	\$21,973,936.45	
19	\$21,705,517.71	\$21,863,720.19	\$21,870,138.91	
20	\$21,705,517.71	\$21,119,197.85	\$21,710,112.31	
21	\$20,682,962.05	\$21,352,926.95	\$21,710,112.31	
22	\$20,667,231.30	\$21,352,926.95	\$21,710,112.31	
23	\$20,675,833.79	\$21,352,926.95	\$22,034,451.85	
24	\$20,795,081.90	\$21,740,979.62	\$22,079,048.75	
25	\$20,795,081.90	\$21,813,965.60	\$22,069,026.64	
26	\$20,795,081.90	\$21,744,526.19	\$22,103,381.12	
27	\$20,802,681.50	\$21,766,145.85	\$22,360,784.30	
28	\$20,857,964.72	\$20,003,147.35	\$22,360,784.30	
29	\$20,944,452.69	\$20,258,244.72	\$22,360,784.30	
30	\$21,017,134.99		\$22,681,161.42	
31	\$20,746,869.47		\$20,928,330.79	
Total of daily balance	\$651,502,713.30	\$619,644,071.56	\$666,239,452.85	
Average daily balance	\$21,016,216.56	\$22,130,145.41	\$21,491,595.25	\$21,526,513.75
Interest earnings	\$32,835.23	\$43,190.61	\$27,810.23	\$103,836.07
APR ----->	1.81%	2.51%	1.50%	1.93%

**Kerrville Public Utility Board
Schedule of Other Investment Facts
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended March 31, 2020**

Total Funds Invested by Fund

Fund	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Revenue	\$11,326,807.45	\$77,899.37	\$59,018.68
Construction	2,757,623.69	7,687.41	15,354.31
Rate Stabilization	1,894,418.42	5,162.41	10,017.30
Long Term Rate Stabilization	632,739.37	1,635.75	2,869.06
Debt Reserve	0.00	0.00	0.00
Interest & Sinking	267,232.85	579.86	1,437.50
Emergency, Repair, Replace & Cont. Fund	3,539,814.97	9,627.94	18,665.14
Revenue Fund - Checking	509,694.04	1,196.39	1,500.00
Totals	\$20,928,330.79	\$103,789.13	\$108,862.00

Total Funds Invested by Security

Type of Security		Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Certificate of Deposit	31%	6,554,463.15	32,885.32	34,094.07
TEXPOOL	13%	2,695,510.39	11,098.16	14,021.12
LOGIC	83%	11,168,663.21	46,054.94	56,595.56
Other-Misc. checking accounts, etc.	2%	509,694.04	13,750.71	1,500.00
Totals	100%	\$20,928,330.79	\$103,789.13	\$108,862.00

MEMORANDUM

To: Bill Thomas
Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

From: Howard Hall

Date: May 6, 2020

Re: Agenda Item No. 10 – Approval and Reporting of Purchases and Sales

Presented for your consideration and review are the recommendations for purchase of goods or services.

- A. Fleet Purchase.** Staff is recommending the approval of a purchase order to TSE International, for a total of \$122,694 to purchase a TSE Model DPT40B Trailer Mounted Puller/Tensioner. We received two quotes on this type of machine for a base model and also asked for pricing for accessories that will allow the unit to be used for overhead and underground line installations. TSE International quoted \$104,988 for the unit and an additional \$17,706 for the accessories. Altec, Inc. quoted \$107,740 for the base model and do not offer the accessories for multi-use. This unit will replace Unit 3192 2001 TSE Tension/Reel Carrier with approximately 6700 hours. A total of \$100,000.00 was budgeted for this purchase. Attached are the two quotes.
- B. Fleet Sales.** The following vehicle was auctioned and sold thru JJ Kane Auctioneers. Unit 3225, 2010 F-250 4X4 Pick Up for \$9025. The amount mentioned is the price after the auctioneer percentage was deducted from the sale price

Please let me know if you have any questions or concerns.

Sincerely,

Howard Hall



5301 Shreveport-Blanchard Highway
 Shreveport, Louisiana, 71107
 Telephone 800-825-2402 – Fax 318-929-4853
 Website: www.tse-international.com

Proposal# Q050820CG01
Date: 05/08/2020
Valid to: 06/08/2020

Larry Lee
 Kerrville Public Utility Board
 830-257-3050 ext. 277
 llee@kpub.com

Dear Mr. Lee,

TSE is pleased to offer the following equipment for your review:

1.0 1 ea. **TSE MODEL DPT40B TRAILER MOUNTED
 PULLER/TENSIONER**

BASIC UNIT DESCRIPTION

Performance

- * Continuous torque rating of 70,000 in.-lbs., intermittent rating of 80,000 in.-lbs.
- * Continuous line pull rating of 4,350 lbs. with 6,000 ft.; of 5/8” rope on the reel.
- * 0-4 M.P.H. pulling speed with infinite speed control.
- * Pulling and tensioning operations are completely hydraulic controlled.

Reel Capacity

- * Maximum reel diameter capacity is 72 in.
- * Maximum reel width capacity is 54 in.
- * Maximum reel weight capacity is 6,000 lbs.

Reel Shaft

- * The reel shaft is 2-5/8 inches in diameter.
- * Equipped with a reel drive arm with 2 adjustable drive pins, a clamp type locking collar and lifting loops.
- * The reel shaft is mounted on replaceable full circle bronze sleeve bearings with grease fittings for smooth operation and long life.
- * The reel shaft is designed for quick reel change. The reel and shaft are lifted straight up with no side shift required to remove the assembly. No tools or adjustments to the hydraulic drive system or over spin brake are required.
- * Shaft mounted over spin brake using a 16" bronze disc and manual caliper for controlled payout of the pulling rope in the freewheel mode.

Hydraulic Reel Drive

- * The reel drive incorporates a spring applied-hydraulic released holding brake rated at 150% of the maximum rated torque. The brake applies automatically in the event of loss of hydraulic pressure or engine shutdown.
- * Piston type hydraulic motor.
- * Manual holding brake control.
- * Fully hydrostatic drive system with infinite speed and tension control.
- * Hydraulic oil cooler to ensure uniform heat dissipation and add to hydraulic component life.
- * 18-gallon hydraulic reservoir with oil level and temperature gauge.
- * The reel drive is equipped with disconnect pin which will allow the reel to freewheel independently of the hydraulic drive system.

Control Console

- * A permanently engraved panel is positioned in the center of the trailer's tongue for optimum operator visibility and safety. It includes:
 - Hydraulic pressure gauge.
 - Reel direction and speed controller. Includes a positive stop between Pull in and Pay out setting.
 - Adjustable line pull/tension controller.
 - Reel holding brake controller.
 - Line pull chart for estimating line pull or tension.
- * Operator's welded wire protective screen.
- * Deluxe, padded operator's seat with horizontal and vertical adjustments.

Engine

- * 49 HP water-cooled diesel engine with 12-volt electric starter, keyed ignition, throttle, ammeter, and oil pressure indicators.
- * 19-gallon fuel tank with level gauge.
- * Lockable steel battery box.

Trailer and Undercarriage

- * Tandem axle set with 12,000 lbs. capacity (13,200 GVWR), spring leaf type with electric brakes and a break away switch.
- * Two break away safety chains with hooks.
- * Four ST 235/80R16 tires each having a capacity of 3000 lbs.
- * LED highway lighting with a dual tail light system, one for turn light and one for brake light.
- * Reflective tape as required by NHTSA.
- * Heavy-duty crank type rear jacks.
- * 3" pintle hitch adjustable to 4 height positions using pin type connections which do not require tools for adjustment.
- * The trailer frame and tongue is constructed of tubular steel and is fully welded.
- * Heavy-duty checker plate fenders with mud flaps.
- * The unit is sandblasted, primed and painted with two coats of polyurethane finish paint.
- * Hydraulic powered overhead levelwind with a swing-away top opening, roller and controlled from operator's console.

Change In Specification:

Design and improvement of TSE's products is a continuous process; we therefore reserve the right to make design improvements differing from this specification after receipt of an order, however, any major changes will be confirmed in writing. Because of our continuous improvement efforts there is also no guarantee by TSE that the equipment quoted in this specification will be identical to any equipment supplied on previous orders even if the model number is the same.

Unit Price Each\$104,988.00

AVAILABLE OPTIONS

- 1.1 1 ea. Model 4440 steel overhead pulling reel with 44" diameter, 40" between flanges and 13" core. The reel has rolled flanges for maximum rope protection.
Price Each \$6,781.00

- 1.2 1 ea. 6,000 ft. of 5/8 in. diameter TSE Superline pulling rope having a Breaking strength of 18,000 lbs. installed under tension.
Price Each \$4,957.00

- 1.3 1 ea. TSE Pulling Grip installed on the pulling rope.
Price Each \$ 428.00

- 1.4 1 ea. TSE-Model SW-13L (5,000 lb. swivel)
Price Each \$ 209.00

- 1.5 1 ea. Overhead/Underground Levelwind (in lieu of Overhead Levelwind)
Price Each \$6,675.00

- 1.6 1 ea. Underground pulling reel with 22" O.D. x 53-3/8" LG.
Price Each \$3,505.00

- 1.7 1 ea. 1500' x 3/8" Wire Rope, having a breaking strength of 14,400 lbs. breaking strength.
Price Each \$1,352.00

F.O.B.: Shreveport, LA
Delivery: **8-10 Weeks, ARO**
 Subject to change due to production schedule at time of order.
Terms : 35% Down, Balance to be determined at time of order

If we can assist you in any way, please let us know.

Sincerely,

Casey Gault, TSE Sales Territory Manager
cc: JM Line Tools

The above proposal is subject to the conditions of sale below unless otherwise stated, and in accordance with attached specifications and literature all of which constitute part of this offer. Terms indicated are subject to Credit Department approval.

TSE International Inc. – 5301 Shreveport-Blanchard Hwy, Shreveport, Louisiana 71107
USA
herein referred to as “TSE”

GENERAL CONDITIONS OF SALE

I. Design and improvement of our equipment is a continuous process. TSE, therefore, reserves the right to make design improvements after receipt of an order. Photographs and other illustrations or advertising matter represent generally the goods offered, but are not binding in detail. II. Delivery dates are estimated as accurately as possible, but are not guaranteed in any way unless otherwise specifically provided for in this proposal. III. Unless otherwise specifically provided for in this proposal, this offer does not include a penalty clause of any kind and acceptance of this offer may not create, by its terms, any such penalty clause. IV. Prices quoted herein are based on current duty and currency exchange rates where applicable, and TSE reserves the right to adjust prices to compensate for any changes in these rates, should it be necessary to do so. V. Notwithstanding any conditions printed on the Purchaser's order form, in accepting this offer the Purchaser agrees to the following TERMS AND CONDITIONS OF SALE which are also detailed on the TSE Acknowledgment and Acceptance of Order Form, and these Terms and Conditions only will apply unless otherwise specifically provided in this proposal.

TERMS AND CONDITIONS OF SALE

1. CONTRACT OF SALE - This order is accepted on, and is subject to, the terms and conditions set forth on the face hereof and below, none of which may be varied or added to except in writing, signed by TSE'S duly authorized representative. Any inconsistent matters, terms or conditions in Purchaser's order or confirmation will not be binding on TSE. TSE HEREBY EXPRESSLY OBJECTS TO ANY ADDITIONAL OR DIFFERENT TERMS IN ANY OF PURCHASER'S DOCUMENTS.

2. COMPLETION - Unless otherwise provided on the face hereof, time for the completion of manufacture of the machinery and equipment covered by this order (hereinafter called the "Machinery") shall be computed from the date of the Acknowledgment and Acceptance of Order, or from the date on which TSE has received from the Purchaser any information, drawings, data, patterns, or other material which are to be supplied by the Purchaser and are necessary to proceed with the manufacture of the machinery, whichever is the latest. TSE shall not be responsible for delays in delivery or any failure to deliver due to causes beyond its control including without limitations: acts of God or the public enemy; mobilization; blockades; embargoes, revolution, civil commotions, riots, fires; floods; winds; earthquakes; epidemics; quarantine restrictions; explosions; accidents; other catastrophes; strikes; slowdowns; lock-outs or other labor difficulties; the acts, laws or regulations of any government or governmental authority; federal, provincial, local or foreign, including safety, health and environmental regulations; unusual weather; delays of sub-contractors or suppliers; or inability to obtain shipping facilities, labor, raw materials, supplies, fuel or power.

3. MINIMUM INVOICE - The minimum single invoice or billing charge is \$150.00

4. PAYMENTS - If payment of any part of the purchase price is not made as provided on the face hereof, TSE reserves the right to discontinue manufacture of the Machinery until such payment has been made and to revoke any further credit, whereupon TSE shall have the right to receive payment before any further shipment of Machinery. In the case of any delay in payment or in establishing agreed security for payment, time for completion may, at TSE's option, be extended for a corresponding period. When any payment is due upon shipment or delivery and shipment is delayed for any cause beyond TSE's control, payment shall be made when the machinery is ready for shipment. Purchaser agrees that any letters of credit or other guarantee of payment shall be maintained fully valid until final payment has been made. IF PAYMENT IS NOT MADE WITHIN THIRTY DAYS FROM THE DATE OF SHIPMENT UNDER THE TERMS OF THIS AGREEMENT, PURCHASER AGREES TO PAY TSE AN ADDITIONAL SUM EQUAL TO 2% PER MONTH, 24% PER ANNUM OF THE UNPAID PURCHASE PRICE UNTIL PAYMENT IS MADE.

5. SECURITY INTEREST - TSE retains a vendor's lien in the machinery to secure payment in full of the purchase price and any and all other payments which may be or become payable to TSE hereunder. If possession of the Machinery is given to the Purchaser before full payment, the Purchaser shall execute any additional instruments including without limitation security agreements and financing statements necessary to perfect or maintain TSE's vendor's lien and shall pay or reimburse TSE for all filing and recording costs including without limitation, any taxes payable upon filing or recording. In the event of default in payment of any installment of the purchase price when due, the entire balance thereof shall, at TSE's option, become immediately due and payable, and TSE shall have and may exercise all the rights of a secured party then in force under the laws of the State of Louisiana, USA or such other province or state as may then have jurisdiction over the machinery, including without limitation the right to repossess the Machinery with or without legal process.

6. DELIVERY AND PURCHASE PRICE - Unless otherwise provided on the face hereof, delivery is to be made Ex-Works TSE's plant, Shreveport, Louisiana, USA. Risk of loss within the meaning of the Sale of Goods act of the State of Louisiana shall pass to the Purchaser at the stated point of delivery. The purchase price includes ordinary packing for shipment, but if special packing or tie-down and blocking to anchor the machinery to the transport vehicle is required, TSE is to be reimbursed for the cost thereof. The shipping charges are the responsibility of the customer. Unless otherwise stated in the purchase order, TSE will select a suitable courier to deliver the goods. The goods will be delivered, with freight charges being on a "collect" basis. The goods will be insured unless otherwise specified by the customer. Any freight or insurance costs, which may be included in the purchase price, are based on rates at the date of the Acknowledgment and Acceptance of Order and any increase shall be paid by the Purchaser.

7. WARRANTIES - TSE warrants that it will repair F.O.B. its factory or furnish without charge F.O.B. its factory, a similar part to replace any material in its machinery which, during the earlier of 90 days after the said machinery is put into operation or six months after the date of shipment

of the machinery from its plant, is proved to the satisfaction of TSE to have been defective at the time it was sold, provided that all parts claimed defective shall be returned, properly identified, to TSE's factory, charges prepaid. This Warranty to repair applies only to new and unused machinery, which, after shipment from the factory of TSE, has not been altered, changed, repaired or treated in any manner whatsoever unless such alteration, change, repair or treatment has been previously authorized in writing by TSE or has been performed by the authorized service representative of TSE. This Warranty to repair is the only Warranty either express, implied, or statutory, upon which the said machinery is sold; the company's liability in connection with this transaction is expressly limited to the repair or replacement of defective parts, all other damages and warranties, statutory or otherwise, being hereby expressly waived by the Purchaser. Component parts and equipment not manufactured by TSE are warranted only to the extent they are warranted by the supplier to TSE. TSE will use reputable suppliers. TSE shall not be liable for any incidental or consequential damages for breach of any warranty and the Purchaser's sole remedy for breach of any warranty or for any negligence of TSE shall be as set forth herein. TSE makes no warranty that the machinery shall be merchantable or fit for any particular purpose nor does it make any other warranty, express or implied except as is expressly set forth herein. TSE warrants that the machinery will conform to the description on the face hereof, that it will convey good title thereto; that such goods will be delivered free from any lawful security interest or other lien or encumbrance unknown to the purchaser except as otherwise expressly provided herein. No representative of TSE has authority to change this Warranty or this contract in any manner whatsoever and no attempt to repair or promise to repair or improve the machinery covered by this contract by any representative of TSE shall waive any consideration of the contract or change or extend this Warranty in any manner whatsoever.

TSE International - Standard Terms and Conditions of Sale

Page 2 of 2

Form: TC102012

8. **LIABILITY** - Purchaser agrees to hold TSE harmless from, and to indemnify it against, any and all claims, demands, actions, and causes of action of any nature whatsoever, and any expenses incident to the defense thereof, for injury to or death of persons and loss of or damage to property arising in connection with the Machinery or the assembly, erection, operation, or use thereof. TSE shall be under no obligation after shipment to assemble, erect or test the machinery unless specifically provided for on the face hereof. If the contract provides for instruction or installation services, TSE's sole obligation with respect thereto shall be to provide the purchaser at his expense, (unless otherwise provided herein) an experienced person or persons, who shall become the agent or agents of the Purchaser and remain such for the period provided. TSE shall under no circumstances be liable to the Purchaser or anyone else for any acts or omissions of any such person or persons.

9. **TAXES** - All present and future sales, use, excise and similar taxes imposed by any federal, state, provincial, local or foreign government which TSE may be required to pay or collect with respect to the machinery or the sale, transportation, storage, use or consumption thereof shall be for the account of the Purchaser to the extent permitted by law. Unless otherwise stated in the proposal, Federal and State taxes are not included in prices quoted for sale. The purchaser is responsible for remittance of Federal and State taxes.

10. **NON-CANCELLABLE** - This order is not subject to cancellation or revision by the Purchaser except with TSE's written consent. Cancellation charges will be: (a) Fifteen percent (15%) of the total purchase price to cover Sales Administration and handling costs, plus (b) The cost of all unfinished material and the shop labor with overhead plus component cancellation charges from TSE's vendors if any, plus Engineering costs incurred with overhead, plus profit in proportion to the state of completion of the product at the time of cancellation of the order. Upon payment to TSE as above provided, all equipment manufactured under the contract will become the property of the Purchaser.

11. **NON-ASSIGNABLE** - Neither this contract nor any interest herein is assignable or transferable without the express written consent of TSE.

12. **WAIVER** - Any waiver by either the Purchaser or TSE of a breach by the other of any provision of this contract of sale shall not be deemed a waiver of future compliance therewith, and all provisions shall remain in full force and effect, notwithstanding any such waiver.

13. **LIMITATION OF ACTION** - No action shall be brought by the Purchaser for any alleged breach by TSE of this Contract of Sale more than one (1) year after the occurrence of the cause of such alleged breach of contract.

14. **APPLICABLE LAW** - This contract shall be governed and construed according to the law of the State of Louisiana, USA.

15. **DELAY IN SHIPMENT** - Prices quoted are based on shipment dates indicated. If shipment is delayed at the request of the customer, or because of incomplete shipping information/documentation, or a delay in receipt of customer's order confirmation, or because of delay in receipt of Letter of Credit (if applicable), TSE reserves the right to review extra costs resulting from delay and increase prices accordingly.

16. **INSPECTION AND TESTING** - The equipment quoted will be subject to standard TSE inspection and testing before shipment. Any other inspection or testing required by the customer must be specified at time of the order and shall be at the customer's expense unless otherwise stated in the proposal. Customer will be responsible for costs of inspection and tests requested after TSE's acceptance of the order and any costs resulting from delay in shipment.

17. **QUANTITIES** - Prices quoted are based on the purchase of the quantities indicated. Prices may be adjusted by TSE if quantities other than those quoted are actually purchased.

SPECIAL CONDITIONS FOR EXPORT SALES

A. **EXPORT LICENSE** - if any US regulation requires an export license, TSE will apply for such license at its expense, and Purchaser agrees to furnish all information required for such license application. In case TSE is unable to secure an export license, the contract between the parties shall be cancelled without liability on either party. B. **IMPORT LICENSE** - If an import license is required, it is to be provided by Purchaser who will see that it remains valid and effective until the import has been completed.

C. **REGULATIONS** - The making and performance of the contract between the parties are subject to compliance with all applicable laws and regulations of the US Government and agencies thereof, and in case any such law or regulation should prevent TSE from performing or completing the contract in accordance with the terms thereof, then the contract may be terminated by TSE upon written notice to the Purchaser. In such event, TSE and any surety for TSE will be relieved of all further obligation to proceed; any guaranty deposit or surety bond furnished by TSE shall immediately be returned to TSE and TSE is to be paid the proportion of the contract price, including profit, represented by the expenditure made and the obligations contracted to the date of such termination. Upon return to TSE of any guaranty deposit or surety bond and payment to TSE as above provided, all equipment manufactured under the contract will become the property of the Purchaser.

D. PAYMENT TERMS - Unless other mutually agreed to payment terms are arranged in advance in writing, payment will be by Irrevocable Letter of Credit Confirmed by TSE's financial institution, payable at sight. Unless otherwise stated in the body of this proposal, equipment will be supplied ex-works (not including shipping preparation and loading) Incoterms 2010, ICC Publication 720, with payment to be made against the Confirmed Irrevocable Letter of Credit upon presentation of shipping documents. The Letter of Credit shall be established with TSE's bank, all charges for the account of the Buyer.

E. SHIPMENT DATE - Equipment offered in this proposal is "estimated" to be ready for shipment in the time frame indicated on the proposal. Shipment date is based on receipt of firm order, a Letter of Credit acceptable to TSE, and down payment (if required) at our Shreveport, Louisiana Office. Shipping date will be confirmed at time of order.

F. CURRENCY AND TAXES - Unless otherwise stated prices quoted are in US funds, and do not include any import duties, customs fees or taxes of country of import. No US taxes are applicable or included.

G. PACKAGING - Unless otherwise stated prices quoted are on shipment in suitable ocean containers. However, TSE has the facilities to partial crate or full crate the equipment quoted. Prices for this service can be quoted at the customer's request.

H. FEES - All handling and freight forwarding fees are to the account of the buyer.

I. DOCUMENTATION REQUIREMENTS - Received for Shipment Ocean Bills of Lading or Freight Forwarders Certificate of Receipt in cases where customer has specified use of a freight forwarder.

TSE INTERNATIONAL INC.
5301 Shreveport-Blanchard Hwy.
Shreveport, Louisiana, 71107, USA
herein referred to as "TSE"

GENERAL CONDITIONS OF SALE

- I. Design and improvement of our equipment is a continuous process. TSE therefore reserves the right to make design improvements after receipt of an order. Photographs and other illustrations or advertising matter represent generally the goods offered, but are not binding on detail.
- II. Delivery dates are estimated as accurately as possible, but are not guaranteed in any way unless otherwise specifically provided for in this proposal.
- III. Unless otherwise specifically provided for in this proposal, this offer does not include a penalty clause of any kind and acceptance of this offer may not create, by its terms, any such penalty.
- IV. Prices quoted herein are based on current duty and currency exchange rates where applicable, and TSE reserves the right to adjust prices to compensate for any changes in these rates, should it be necessary to do so.
- V. Notwithstanding any conditions printed on the Purchaser's order form, in accepting this offer the Purchaser agrees to the following TERMS AND CONDITIONS OF SALE which are also detailed on the TSE Acknowledgement and Acceptance of Order Form, and these only will apply unless otherwise specifically provided in this proposal.

TERMS AND CONDITIONS OF SALE

1. **CONTRACT OF SALE** – This order is accepted on, and is subject to, the terms and conditions set forth on the face hereof and below, none of which may be varied or added to except in writing, signed by TSE's duly authorized representative. Any inconsistent matters, terms or conditions in Purchaser's order or confirmation will not be binding on TSE. TSE HEREBY EXPRESSLY OBJECTS TO ANY ADDITIONAL OR DIFFERENT TERMS IN ANY OF PURCHASER'S DOCUMENTS.
2. **COMPLETION** – Unless otherwise provided on the face hereof, time for the completion of manufacture of the machinery and equipment covered by this order (hereinafter called the "Machinery") shall be computed from the date of this Acknowledgement and Acceptance of Order, or from the date on which TSE has received from the Purchaser any information, drawings, data, patterns, or other material which are to be supplied by the Purchaser and are necessary to proceed with the manufacture of the Machinery, whichever is the latest. TSE shall not be responsible for delays in delivery or any failure to deliver due to causes beyond its control including without limitation: acts of God or the public enemy; mobilization; blockades; embargoes; revolution; civil commotions; riots; fires; floods; winds; earthquakes; epidemics; quarantine restrictions; explosions; accidents; other catastrophes; strikes; slow-downs; lock-outs or other labor difficulties; the acts; laws or regulations of any government or governmental authority; federal, state, local or foreign, including safety, health and environmental regulations; unusual weather; delays of sub-contractors or supplies; or inability to obtain shipping facilities, labor raw materials, supplies, fuel or power.
3. **MINIMUM INVOICE** – The minimum single invoice or billing charge is \$100.00.
4. **PAYMENTS** – If payment of any part of the purchase price is not made as provided on the face thereof, TSE reserves the right to discontinue manufacture of the Machinery until such payment has been made and to revoke any further credit, whereupon TSE shall have the right to receive payment before any further shipment of Machinery. IN the case of any delay in payment or in establishing agreed security for payment, time for completion may, at TSE's option, be extended for a corresponding period. When any payment is due upon shipment of delivery and shipment is delayed for any cause beyond TSE's control, payment shall be made when the Machinery is ready for shipment. Purchaser agrees that any letters of credit or other guarantee of payment shall be maintained fully valid until final payment has been made. IF PAYMENT IS NOT MADE WITHIN THIRTY DAYS FROM THE DATE OF SHIPMENT UNDER THE TERMS OF THIS

AGREEMENT, PURCHASER AGREES TO PAY TSE AN ADDITIONAL SUM EQUAL TO ONE AND ONE-HALF PERCENT (1 ½%) PER MONTH (18% PER ANNUM) OF THE UNPAID PURCHASE PRICE UNTIL PAYMENT IS MADE.

5. **SECURITY INTEREST** – TSE retains a vendor's lien in the Machinery to secure payment in full of the purchase price and any and all other payments which may be or become payable to TSE hereunder. If possession of the Machinery is given to the Purchaser before full payment, the Purchaser shall execute any additional instruments including with our limitation security agreements and financing statements necessary to perfect or maintain TSE's vendor's lien and shall pay or reimburse TSE for all filing or recording. In the event of default in payment of any installment of the purchase price when due, the entire balance thereof shall, at TSE's option, become immediately due and payable, and TSE shall have and may exercise all the rights of a secured party then in force under the laws of the State of Louisiana, United States or such other state as may then have jurisdiction over the Machinery, including without limitation the right to repossess the Machinery with or without legal process.
6. **DELIVERY AND PURCHASE PRICE** – Unless otherwise provided on the face hereof, delivery is to be made f.o.b. TSE's plant, Shreveport, Louisiana, United States. Risk of loss within the meaning of the Sale of Goods Act of the State of Louisiana shall pass to the Purchaser at the stated point of delivery. The purchase price includes ordinary packing for shipment, but if special packing or tie-down and blocking to anchor the machinery to the transport vehicle is required, TSE is to be reimbursed for the cost thereof. Any freight or insurance costs which may be included in the purchase price are based on rates at the date of this Acknowledgement and Acceptance of Order and any increase shall be paid by the Purchaser.
7. **WARRANTIES** – TSE MAKES NO WARRANTY THAT THE MACHINERY SHALL BE MERCHANTABLE OR FIT FOR ANY PARTICULAR PURPOSE NOR DOES IT MAKE ANY OTHER WARRANTY, EXPRESS OR IMPLIED EXCEPT AS IS EXPRESSLY SET FORTH HEREIN. TSE warrants that the machinery will conform to the description of the face hereof; that it will convey good title thereto; that such goods will be delivered free from lawful security interest or other lien or encumbrance unknown to the Purchaser except as otherwise expressly provided herein. TSE warrants that it will repair f.o.b. its factory, or furnish without charge f.o.b. its factory, a similar part to replace any material in its machinery which, during the earlier of 90 days after the said machinery is put into operation or six months after the date of shipment of the machinery from its plant, is provided to the satisfaction of TSE to have been defective at the time it was sold, provided that all parts claimed defective shall be returned, properly identified, to TSE's factory, charges prepaid.
8. This Warranty to repair applies only to new and unused machinery, which, after shipment from the factory of TSE, has not been altered, changed, repaired or treated in any manner whatsoever unless such alteration, change, repair or treatment has been previously authorized in writing by TSE or has been performed by the authorized service representative of TSE.
9. This Warranty to repair is the only Warranty either express, implied, or statutory, upon which the said machinery is sold; the company's liability in connection with this transaction is expressly limited to the repair or replacement of defective parts, all other damages and warranties, statutory or otherwise, being hereby expressly waived by the Purchaser.
10. TSE shall not be liable for any incidental or consequential damages for breach of any warranty and the Purchaser's sole remedy for breach of any warranty or for any negligence of TSE shall be set forth herein.
11. No representative of TSE has authority to change this Warranty or this contract in any manner whatsoever and no attempt to repair or promise to repair or improve the machinery covered by this contract by any representative of TSE and shall waive any consideration of the contract or change or extend this Warranty in any manner whatsoever.
12. **LIABILITY** – purchaser agrees to hold TSE harmless from, and to indemnify it against, any and all claims, demands, actions, and causes of action of any nature whatsoever, and any expenses incident to the defense thereof, for injury to or death of person and loss of or damage to property arising in

connection with the Machinery from the assembly, erection, operation, or use thereof.

13. **TAXES** – All present and future sales, use, excise and similar taxes imposed by any federal, state, local or foreign government which TSE may be required to pay or collect with respect to the Machinery or the sale, transportation, storage, use or consumption thereof shall be for the account of the Purchaser to the extent permitted by law.
14. **NON-CANCELLABLE** – This order is not subject to cancellation or revision by the Purchaser except with TSE's written consent. Cancellation charges will be the greater of:
15. **Fifteen percent (15%) of the total purchase price to cover Sales Administration and handling costs, or**
16. **The cost of all unfinished material and the shop labor with overhead plus component cancellation charges from TSE's vendors if any, plus Engineering costs incurred with overhead, plus all sales and administrative overhead and profit in proportion to the state of completion of the product at the time of cancellation of order. Upon payment to TSE as above provided, all equipment manufactured under the contract will become the property of the Purchaser.**
17. **NON-ASSIGNABLE** – Neither this contract nor any interest herein is assignable or transferable without the express written consent of TSE.
18. **WAIVER** – Any waiver of either the Purchaser or TSE of a breach by the other of any provision of this contract of sale shall not be deemed a waiver of future compliance therewith, and all provisions shall remain in full force and effect, notwithstanding any such waiver.
19. **LIMITATION OF ACTION** – No action shall be brought by the Purchaser for any alleged breach by TSE of this Contract of Sale more than one (1) year after the occurrence of the cause of such alleged breach of contract.
20. **APPLICABLE LAW** – This contract shall be governed and construed according to the law of the State of Louisiana, United States.

SPECIAL CONDITIONS FOR EXPORT SALES

- A. **EXPORT LICENSE** – If any United States of America regulation requires an export license, TSE will apply for such license at its expense, and Purchaser agrees to furnish all information required for such license application. In case TSE is unable to secure an export license, the contract between the parties shall be cancelled without liability on either party.
- B. **IMPORT LICENSE** – If an import license is required, it is to be provided by Purchaser who will see that it remains valid and effective until the import has been completed.
- C. **REGULATIONS** – The making and performance of the contract between the parties are subject to compliance with all applicable laws and regulations of the United States Government and agencies thereof, and in case any such law or regulation should prevent TSE from performing or completing the contract in accordance with the terms thereof, then the contract may be terminated by TSE upon written notice to the Purchaser. In such event, TSE and any surety for TSE upon written notice will be relieved of all further obligation to proceed; any guaranty deposit or surety bond furnished by TSE shall immediately be returned to TSE and TSE is to be paid the proportion of the contract price, including profit, represented by the expenditure made and the obligations contracted to the date of such termination. Upon return to TSE of any guaranty deposit or surety bond and payment to TSE as above provided, all equipment manufactured under the contract will become the property of the Purchaser.



April 28, 2020

Company: Kernville Public Utility Board

Altec Account Manager: Arian Smith

Unit / Body Specifications

- TS40-PT puller/tensioner trailer mounted hydraulic cable puller/tensioner (4,333 lb capacity)
- Kohler - 56 hp diesel engine (tier IV final)
- Control panel enclosure
- Standard level wind
- Trailer plug 6 pin round connector
- Standard Front Hydraulic Jack
- Rear hydraulic jacks
- Standard pulling drum 18 core diameter
- Standard rope
- Standard Oil, Conoco ISO 46 grade
- Capstan (includes level wind) ts40
- Pulling Drum Cover, Vinyl
- TS40-PT UNIT DESIGNATOR
- Standard Altec warranty: one (1) year parts, one (1) year labor, ninety (90) days travel and limited lifetime structural

Chassis Specifications

Options

The requested tensioner options are not available through Altec

Price:	\$ 107,740
Options:	\$
Delivery:	\$
Total:	\$
(Excluding Taxes)	

1 overhead/underground levelwind

MEMORANDUM

To: Bill Thomas
Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

From: Mike Wittler

Date: May 15, 2020

Re: Agenda Item 11 – Discussion on Bill Payment Assistance Program

I am recommending that we consider establishing funding to provide residential utility bill payment assistance in response to the COVID-19 pandemic. The information below is intended to provide a background and guide discussion on how we might establish such funding. I am hoping to get feedback and guidance from the Board so that we can draft appropriate documents/resolutions for final approval at our June meeting.

At the state level, there are several advocacy groups calling on Governor Abbott to order municipally owned utilities (MOUs) and cooperatives to ban disconnects statewide. The Texas Public Power Association (TPPA) has heard from 40 of 72 MOUs that have implemented no shut off policies—KPUB stopped disconnections and assessing late fees and penalties on March 25.

For Investor Owned Utilities (IOUs) in competitive areas, the Texas Public Utility Commission (PUC) established the Covid-19 Electricity Relief Fund (CERF). Details of the program include:

- Effective initially on 3/26 for one month (extended to 5/15)
- Initially funded by a \$15M loan from ERCOT, to be repaid by a customer payment fee
- Only residential customers are eligible (program fees are paid by all customers)
- Designed to help families experiencing financial distress and stabilize the market (REPs)
- Customers enrolled are not disconnected for 6 months (the PUC's disconnection moratorium has been moved up to July 17)
- The initial program fee will be \$0.33 per megawatt hour across all customer classes (For a Texas household that typically uses 1,000 kilowatt hours of electricity per month, the charge on their bill would be an additional 33 cents)

- In competitive areas, there is an entity called the Low Income List Administrator, and that entity will qualify customers for the program—customers receiving unemployment, Medicaid or SNAP assistance are eligible
- Program is designed to reimburse Retail Energy Providers (REPs) \$0.04 per kWh, the customer would be responsible for the rest
- Has caused some confusion in some MOU areas that are close to competitive areas
- An equivalent \$0.33 per megawatt hour fee on the KPUB system would generate about \$165,000 per year or \$13,750 per month, 0.4% of total revenue
- Auto Enrollment of residential customers into an “Operation Round Up” donation program would generate about \$115,000 per year

We have been closely monitoring sales and financial impacts of the pandemic. At this point it is probably still a little too early to make a call on how big the impacts will be.

- ERCOT is updating load forecasts due to COVID-19
- ERCOT saw energy use decrease 2% the weeks of March 22 and 29. The weeks of April 5, 12 and 19 saw energy use decrease 4-5% from normal levels. The weeks of April 26 and May 3 saw energy use down 3-4% from normal.
- Other reports are indicating demand down 14% in New York and 12% in Michigan (with increases in residential energy use)
- We will continue to watch our expenditures and find ways to cut to our budget

We are closely monitoring the status of our customers with accounts in arrears. The table below summarizes the status of those accounts for the past two months.

Date	Total Number of Accounts	Total Past Due
3/24/2020	436	\$ 35,670.60
3/30/2020	474	\$ 44,886.27
4/6/2020	628	\$ 65,618.49
4/13/2020	772	\$ 93,105.45
4/20/2020	767	\$ 95,862.63
4/27/2020	786	\$ 137,458.14
5/4/2020	660	\$ 123,629.66
5/11/2020	603	\$ 77,893.93

Options for funding a Program:

1. Establish an additional charge like the Texas PUC COVID-19 Electricity Relief Program
2. Transfer Funds from the Revenue Fund
3. Establish Round Up Program—bills rounded up to the next whole dollar

Round Up Program Considerations:

- Bills are automatically rounded to the next whole dollar (other options can be made available as well)
- Initially can either automatically enroll customers or allow them to opt-in
- Considerations for automatic enrollment:
 - Do we allow opt-out and/or refund?
 - Do we include all customers or residential only?
 - How do we handle customers with multiple meters (probably a bigger issue on the commercial side)?
- Program termination/transition:
 - When people can reliably find employment?
 - Coincide with City Emergency Declaration or Board determined?
 - Shut program down vs. continue with bill assistance and other charitable purposes?
- Program Administration:
 - Need black and white guidelines if KPUB administers any payment assistance program (probably model after the PUC Program).
 - Would Low Income List Administrator be available for contracted support?
 - Can we find a Partner to administer assistance: Community Council of South Central Texas, St. Vincent de Paul, Christian Assistance Ministry, or Salvation Army?

I am recommending that we establish a Round Up Program that is supplemented by transfers from the Revenue Fund to achieve a funding level equivalent to the PUC Program (\$0.33 per megawatt hour on total sales or \$13,750 per month).

- Round Up Program:
 - Automatic enrollment
 - Allow opt-out and refund upon request
 - Enroll all residential meters
 - Establish Board appointed committee to administer disbursements from the fund
 - First level of assistance provided through program modeled after PUC Program (qualify with unemployment, SNAP, or Medicaid and receive \$0.04 per kilowatt hour assistance)
 - Second level of assistance provided through funding to local assistance organization(s) if funds are available
 - Continue Round Up Program post-COVID-19
 - Consider calling all Customers to thank them and ask for continued support of Round Up

- KPUB Contribution to Round Up Program:
 - Recommend transfer to Round Up Program from the Revenue Fund to make total contribution to the Program equivalent to the PUC Program (\$13,750 per month)
 - Estimated contribution \$4,000-6,000 per month
 - Discontinue this contribution when the City's Emergency Declaration is no longer in effect

Here are links to several articles on this issue in the media:

<https://www.texastribune.org/2020/04/18/texas-power-coronavirus/>

<https://www.texastribune.org/2020/03/26/texas-bans-utility-shut-offs-during-coronavirus-outbreak/>

<https://www.citizen.org/news/64155-2/>

<https://www.citizen.org/article/public-citizen-sierra-club-and-other-groups-ask-gov-abbott-to-ban-utility-disconnections/>

<https://www.citizen.org/public-citizen-urges-public-utility-commission-to-suspend-shutoffs/>

Please let me know if you need additional information to facilitate our discussion.

Sincerely,



Mike Wittler

MEMORANDUM

To: Bill Thomas
Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

From: Tammye Riley

Date: May 15, 2020

Re: Agenda Item No. 12 –COVID-19 Update

Attached is our monthly update on KPUB's response to the COVID-19 pandemic.

I'll be happy to answer any questions you have at the meeting on May 20th.

Sincerely,



Tammye Riley
Human Resources Manager

KPUB Covid-19 Update 5/15/2020

KPUB is providing all regular services with some minor impacts caused by implementation of social distancing guidelines. There have been no reliability impacts caused by Covid-19.

KPUB has continued to coordinate with industry peers to share information and provide mutual assistance if needed. Our goal at this time is to ensure the health and safety of our employees and maintain continuity in our workforce and organization.

Updates:

"Return to Work" committee has been formed to coordinate the process of returning employees back into the building. 3 member committee to represent each area of our workforce.

Drive-thru opening on Monday May 18th – 1 CSR is returning to the office, bringing the workforce presence to 6 employees in the administrative building. All employees are maintaining the 6' distance guideline. Gloves are being required for all payment transactions.

Lobby remains closed at this time. As we monitor our peer's plans on opening their lobbies, the Return to Work Committee and General Manager continue to review weekly to discuss tentative re-open date.

KPUB logo cloth masks have been secured for our staff as we bring the workforce back into the office.

Cloth masks have been obtained from FEMA, to be used for customers and visitors, as we reopen.

Hand sanitizer stands have been ordered and are expected to arrive mid-June. These stands will be placed at all entrances of both the administrative and crew buildings.

Disinfectant and sanitizing supplies have been stocked for each work station.

Safety meetings for field staff moved to online platform on 4/8 and will continue in this format for several months.

Installed payment kiosks have been operational since early April, to date KPUB's payment kiosks have collected over **\$37,000** in customer payments.

We are maintaining and improving our paperless processes to prevent cross department paper handling.

Employee travel notification policy established 3/18, updated 3/30, is currently being reviewed for revisions by the Return to Work Committee members, recommendations will be provided to General Manager for approval.

We still have office employees telecommuting, as we are developing a return to the office plan to safely transition those employees back to the building.

Crews are still reporting to separate field substations. All crew members and field employees are assigned to separate vehicles so as to avoid traveling together and staggered schedules for entry into the yard for material.

Updates continued:

Still utilizing the BOC to keep social distancing efforts and maintain integrity of our essential operating functions, such as the CSR and Dispatch functions.

Disconnects are still suspended as of 3/18.

Wellness checks and hand sanitizing are being performed for employees entering offices. Gloves and masks are available as well.

Enhanced office cleaning and sanitizing still in place.

Internal awareness campaign on hygiene and social distancing is ongoing.

Employee break-rooms are still closed for gatherings.

Contractor's Covid-19 plans have been provided to KPUB. Contractors are no longer allowed in KPUB offices.

No visitor's policy still in effect.

Management conference call twice a week.

In home energy audits are still suspended.

Thank you,

Tammie Riley