

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, AUGUST 25, 2021, AT 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Paul Martinez, Director of Engineering
Tammye Riley, Director of Human Resources & Safety
Jill Cook, Accounting Supervisor
Lidia Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Bill Thomas

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
John Davidson, Special Counsel (*Via teleconference*)
Gaines Griffin, Special Counsel (*Via teleconference*)
Gil Salinas, KEDC
Tammy Prout, Rotary Club
John E. Sample

1. CALL TO ORDER:

Mr. Philip Stacy, Chairman, called the Regular Monthly Meeting to order at 8.30 a.m.

2. PLEDGE OF ALLEGIANCE:

3. APPROVAL OF MINUTES:

The Trustees reviewed the minutes of the July 21, 2021, Regular Monthly Board Meeting. Larry Howard, Secretary, motioned to approve the minutes. Mark Cowden, 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.

5. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Mr. Wittler advised KPUB is sponsoring the Hill Country District Junior Livestock Show Fundraiser. KPUB will be hosting a Community Blood Drive scheduled for September 9th and staff will be volunteering again at the Light on the Hill Food Pantry on Monday, August 30th. Mr. Wittler advised the next regular board meeting is scheduled for September 22, 2021 at 8:30 a.m. Mr. Wittler introduced Ms. Jill Cook, who has been hired to fill the Accounting Supervisor position.

**Mr. Wittler requested Chairman Stacy proceed to item number 9 on the Agenda to allow the Rotary Club to give their presentation. The Board agreed and Chairman Stacy proceeded to item number 9.*

9. CONSIDERATION AND ACTION ON REQUEST FROM ROTARY CLUB FOR SHADE TREE GRANT – MIKE WITTLER, CEO:

Mr. Wittler presented Tammy Prout, President of the Rotary Club of Kerrville. Ms. Prout advised the Board that The Rotary Club recently celebrated their 94th anniversary as a local social service organization. In keeping with the Rotary International environmental initiative to plant trees in respective communities, they began the process of creating a “Rotary Grove” on the campus of Schreiner University at the Trailhead of the River Trail. Ms. Prout advised the project will provide for trees to be planted in memory of Rotarians that have passed away. The project will also help Schreiner University in providing shade and landscaping in areas of campus that need it. Once completed, they will continue to plant trees annually as needed. Mr. Howard motioned for approval of the shade tree grant for the Kerrville Rotary Club. Mayor Blackburn seconded the motion. Vote was by a show of hands. Motion carried 3 – 0, Mr. Stacy recused himself from discussion and voting on this item due to being a member of the Rotary Club.

**At this time, Chairman Stacy elected to proceed to item number 6 on the Agenda. The Board agreed and Chairman Stacy proceeded to item number 6.*

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

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

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. Bidding and pricing information for purchased power, general and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
 - (1) Discussion on Hedging Activities and Risk Management Policy – Mike Wittler, CEO

III. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board will recess to deliberate the following “Personnel Matters”:

- A. Discussion on Upcoming Annual Performance Appraisal for Michael Wittler, General Manager and CEO – Tammye Riley, Director of Human Services

Chairman Stacy asked the Board of Trustees if he had a motion that the Board convene in Executive Closed Session to discuss items I. and II. “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551 and Government Code Section §551.071, “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551; and passing on item III. “Personnel Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Mr. Howard so moved. Mayor Bill Blackburn seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

The Board entered Executive Closed Session at 8:41 a.m. Chairman Stacy adjourned the Executive Closed Session and reconvened into Open Session at 9:10 a.m.

7. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE SESSION:

No action taken by the Board.

8. CONSIDERATION AND ACTION ON ANNUAL FUNDING REQUEST FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GIL SALINAS, COO:

Mr. Gilbert Salinas reviewed the Kerr Economic Development Corporation’s progress as well as the annual funding request. Mr. Salinas highlighted the goals and objectives outlined in the KEDC’s 2022 plan of action and noted a growing trend in economic development of prioritizing quality of place. He also advised that with the current trends being observed, they want to make sure that we target smart growth and cherry pick the best projects for our community. He added that housing is another priority to focus on for the community. Mr. Salinas answered questions from the Board Members. The KEDC’s funding requests from the City, County, and the Economic Improvement Corporation have all been approved.

After discussion by the Board, Mr. Cowden motioned to approve the funding request from KEDC. Mayor Blackburn seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

**At this time, Chairman Stacy elected to proceed to item number 10 on the Agenda. The Board agreed and requested a five-minute break at 9:56 a.m. after which Chairman Stacy proceeded to item number 10.*

10. CONSIDERATION AND ACTION ON RESOLUTION NO. 21-21 – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented last month’s wire transfers for operating expenses to the Board. She highlighted renewables received from the City of Garland, and a change of payment due date for the TML monthly premium. Mr. Cowden motioned for approval of Resolution No. 21–21. Mr. Howard, seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

11. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the Financial Statements (unaudited) for the Fiscal Year 2021 through July 31, 2021. She stated both revenues and expenses were lower than budget resulting in a net income that was \$181,777 better than budgeted net income of \$531,346. Purchased power expense was reduced in July due to a net credit for renewable energy power purchase agreements and payments for renewable energy credit (REC) sales related to the 3rd and 4th quarter of 2020. She advised on a year-to-date basis, KPUB recorded net income of \$1,824,182, which was \$505,427 more than budgeted net income of \$1,318,754. Better than budget income is driven by lower than anticipated purchased power costs and other operating expenses that continue lower than budget due primarily to staffing vacancies.

Ms. Dozier advised that after changing the Power Cost Adjustment (PCA) from \$85.00 to \$95.00 in July, the over collected power cost balance at July 31, 2021 rose to \$7,182,506. She added that per previous discussions in September, the Board will consider a resolution to transfer the entire over collection balance to the Rate Stabilization Fund. If approved, this transfer will be added to the existing balance (\$1,897,607) in the Rate Stabilization Fund. The PCA is expected to remain stable at \$95.00 for the foreseeable future. She added that the debt service coverage factor was 22.93 for the month and 10.89 for the Fiscal Year.

12. CONSIDERATION AND ACTION ON JUNE QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the summary pages on the Quarterly Funds Report for the quarter ending June 30, 2021; which summarizes the fund investments. Ms. Dozier advised KPUB is required by state law to present the quarterly report for the Board's acceptance after review by the Investment Committee. This item did not require a motion and second because it was being submitted for Board approval by the Investment Committee. Vote was by a show of hands. Motion carried 4 – 0.

13. ADJOURNMENT

Chairman Stacy adjourned the Regular Board Meeting at 10:24 a.m.

Date Approved: _____

Philip Stacy, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, AUGUST 25, 2021, AT 10:24 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Philip Stacy
Mark Cowden
Larry Howard
Mayor Bill Blackburn

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Paul Martinez, Director of Engineering
Tammye Riley, Director of Human Resources & Safety
Jill Cook, Accounting Supervisor
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Bill Thomas

OTHERS PRESENT:

1. CALL TO ORDER:

Mr. Philip Stacy, Chairman, called the Special Called Meeting to order at 10:24 a.m.

2. CONSIDERATION AND DISCUSSION OF FISCAL YEAR 2020-2021 BUDGET:

Ms. Amy Dozier presented an overview of the Proposed FY2022 Budget to the Board. She highlighted comparisons to the FY2021 Budget. This included a 4.4% increase in projected operating revenues, a 5.3% increase in projected purchased power expense and a 4.1% increase in other operating expenses. She specifically noted that 3%, or \$1,365,100 of total revenues was budgeted for transfer to the City of Kerrville, an additional \$62,500 has been included for the Kerrville Economic Development Corporation, and a total of \$34,100 has been allotted for Community Support/Event Sponsorships. She also went over revenue percentages by category, and reviewed historical revenues which were primarily impacted by weather, customer count, rates and purchased power cost.

Ms. Dozier presented an analysis of weather history and customer account growth. She stated the FY 2021 growth rate for the first 10 months was approximately 1.7%, primarily due to new multi-family housing. She further reviewed the Operating Expenses; broken down into the following categories: Purchased Power 70.0%, Administrative Expenses 10.7%, Distribution 8.4%, Depreciation 8.4%, Customer Accounting 1.3%, Customer Service and Information 1.0% and Franchise Fees 0.1%. Ms. Dozier expanded on Purchased Power Expenses; broken down by the following: CPS 64.8%, NextEra 26.7%, Net Renewable Hedge 5.9% and DG Texas Solar 2.6%. She advised the cost per kWh has been relatively stable due to

KPUB's contract with CPS. Cost per kWh in FY2022 is expected to increase 5.1% due to an anticipated transmission cost increase related to statewide renewable expansion and a small increase in generation charges. She added that cost increases in natural gas are expected to be offset by KPUB's renewable contracts.

Ms. Dozier further advised that operating expenses excluding purchased power were budgeted to increase \$531K or 4.1% due mostly to base payroll proposed increases and periodic LCRA substation maintenance in FY2022. Department reorganization created salary allocation changes between Customer Accounting, Customer Service and Administrative Expenses. Depreciation was projected to increase by \$120K due to completed capital projects added in FY2021. Ms. Dozier also reviewed the projected five-year outlook. She advised that revenue and expense changes are based on historical growth rates, adding that nothing was specifically budgeted for purchased power contract changes, growth due to individual projects, etc.

Mr. Paul Martinez presented the Customer Assistance Programs for a total of \$154,000. He outlined the energy education and conservation programs; which include energy audits, weatherization, Habitat for Humanity, Tree Rebates, educational materials, solar for schools and school grants, and a pool total of \$95,000 for rebate programs.

Mr. Martinez reviewed the Capital Budget, focusing on meters; line construction replacements and improvements; heavy equipment and vehicle replacements; general plant projects; and substation improvements. The overall capital budget would be \$5,603,032 for FY2022. He provided proposed customer extension and system improvement examples.

Mr. Wittler presented the payroll portion of the budget, which was reviewed by the Personnel Committee. The budget includes a 5.0% across the board market adjustment and 5.0% performance-based merit budget for Lineman Job Family, 4.0% performance-based merit budget for all other employees, base payroll with adjustments at \$4,560,595, 3.0% for employee incentive plan, and 3.0% for management incentive plan for a total payroll including overtime and incentive plans of \$5,113,465. He advised that the total positions are unchanged at 61. Market adjustments/increased responsibility changes include Director of H.R. to Director of Operations, Director of Marketing to Director of Community & Customer Relations, Lead Customer Service Representative to Supervisor of Customer Service; the total adjustments being \$58,257. Mr. Wittler added the Personnel Committee requested additional salary survey data.

No further discussion by the Board.

3. ADJOURNMENT

Chairman Stacy adjourned the Special Called Meeting at 11:25 a.m.

Date Approved: _____

Philip Stacy, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

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

FROM: Jill Cook

DATE: September 13, 2021

SUBJECT: Agenda Item No. 8 - Resolution No. 21-22

Presented for your review, wire transfers for operating expenses.

I. WIRE TRANSFERS - Operating Expense

LCRA - Power Cost Billing 07/01/2021 to 07/31/2021. Paid August 30, 2021 Transfer from TexPool Investment Fund to LCRA.	\$ 562,810.35
CPS ENERGY - Power Cost Billing 07/01/2021 to 07/31/2021. Paid August 20, 2021 Transfer from TexPool Investment Fund to CPS ENERGY.	\$ 1,588,562.12
CPS ENERGY - Power Cost Billing Partial Payment 02/01/2021 to 2/28/2021. Paid August 9, 2021 Transfer from Happy State Bank to CPS ENERGY.	\$ 10,416,238.86
ERCOT- CRR AUCTION INVOICE Paid August 24, 2021 Transfer from TexPool Investment Fund to ERCOT.	\$ 32,393.40
ERCOT - CRR AUCTION INVOICE Paid September 8, 2021 Transfer from TexPool Investment Fund To ERCOT.	\$ 91,160.54
NEXTERA - Power Cost Billing 07/01/2021 to 07/31/2021. Paid August 18, 2021 Transfer from TexPool Investment Fund to NEXTERA.	\$ 485,088.00
DG TEXAS SOLAR, LLC - Power Cost Billing 07/01/2021 to 07/31/2021. Paid August 19, 2021 Transfer from TexPool Investment Fund to DG TEXAS SOLAR, LLC.	\$ 61,566.37
CONCHO BLUFF - Power Cost Billing 07/01/2021 to 07/31/2021. Paid August 27, 2021 Transfer from TexPool Investment Fund to CONCHO BLUFF.	\$ 272,195.05

ENGIE LONG DRAW SOLAR - Power Cost Billing 07/01/2021 to 07/31/2021.
 Paid August 25, 2021 Transfer from TexPool Investment Fund
 to ENGIE LONG DRAW SOLAR. \$ 118,467.44

II. WIRE TRANSFERS – Investments

A. Transfer from Happy State Bank operating account to Happy State Bank
 Investment Fund:

<u>Date</u>	<u>Principal</u>
August 2, 2021	\$ 500,000.00
August 6, 2021	\$ 300,000.00
August 9, 2021	\$ 500,000.00
August 14, 2021	\$ 500,000.00
August 17, 2021	\$ 400,000.00
August 24, 2021	\$ 900,000.00
August 27, 2021	\$ 500,000.00
August 31, 2021	\$ 500,000.00
September 1, 2021	\$ 700,000.00
September 7, 2021	\$ 700,000.00
September 13, 2021	\$ 500,000.00

III. WIRE TRANSFERS - Payroll

Automated Clearing House for Pay Periods Ending:	
August 6, 2021	\$ 107,692.01
August 20, 2021	\$ 108,158.84
September 3, 2021	\$ 105,989.40

IV. WIRE TRANSFERS - Payroll - Federal Reserve Bank

Federal Withholding and FICA for Period Ending:	
August 6, 2021	\$ 38,874.11
August 20, 2021	\$ 38,716.73
September 3, 2021	\$ 37,219.33

V. WIRE TRANSFER - TMRS and TML

Texas Municipal Retirement System (TMRS) Retirement Plan Contribution for the month of July – Paid 8/12/2021	\$ 66,345.51
Texas Municipal League (TML) Monthly Premium - Medical, Dental, Vision and Life for the month of September – Paid 9/1/2021	\$ 53,975.28

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

Sincerely,



Jill Cook
Accounting Supervisor

RESOLUTION NO. 21-22

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 22nd day of September, 2021

Philip Stacy, Chairman

ATTEST:

Larry Howard, Secretary

RESOLUTION NO. 21-23

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING AND APPROVING SIGNATURES FOR THE KERRVILLE PUBLIC UTILITY BOARD OF TRUSTEES AND MANAGEMENT FOR PURPOSES OF BANK ACCOUNTS, INVESTMENTS AND FINANCIAL TRANSACTIONS

WHEREAS, among the powers of the Board of Trustees, the power to have and exercise exclusive possession and control of the System and to collect and enforce the collection of funds and revenues and to disburse the same in accordance with the provisions, of this division and in the manner provided by TEX. REV. CIV. STAT. ANN. Art. 1115; and,

WHEREAS, the Board has entrusted signature responsibilities to the General Manager and Chief Executive Officer, and the Director of Finance in the operation of the System; and

WHEREAS, the Board in the execution of duties in operation of the System requires signatures for financial transactions and with the Board's Depository Bank, Happy State Bank of Kerrville; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. Trustees of the Board:

Philip Stacy
Mark Cowden
Larry Howard
Bill Thomas
Mayor Bill Blackburn

And

Management Members:

Amy Dozier, Director of Finance
Jill Cook, Accounting Supervisor
Mike Wittler, General Manager and Chief Executive Officer

are approved as signatories for the Kerrville Public Utility Board.

Section 2. That this Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 22nd day of September, 2021

Philip Stacy, Chairman

ATTEST:

Larry Howard, Secretary

RESOLUTION NO. 21-24

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND CHANGING AUTHORIZED REPRESENTATIVES FOR LOCAL GOVERNMENT INVESTMENT COOPERATIVE

WHEREAS, the Kerrville Public Utility Board (the "Government Entity") by authority of that certain Local Government Investment Cooperative Resolution 02-12 (the "Resolution") has entered into that certain Interlocal Agreement (the "Agreement") and has become a participant in the public funds investment pool created thereunder known as Local Government Investment Cooperative ("LOGIC");

WHEREAS, the Resolution designated on one or more "Authorized Representatives" within the meaning of the Agreement;

WHEREAS, the Government Entity now wished to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. The following officers, officials or employees of the Government Entity are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to: deposit money to and withdrawal money from Government Entity's LOGIC account or accounts from time to time in accordance with the Agreement and the Information Statement describing the Agreement and to take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity in LOGIC:

Signature: _____
Printed Name: Philip Stacy
Title: Chairman

Signature: _____
Printed Name: Bill Thomas
Title: Treasurer

Signature: _____
Printed Name: Mike Wittler
Title: General Manager and CEO

Signature: _____
Printed Name: Amy Dozier
Title: Director of Finance

Signature: _____
Printed Name: Jill Cook
Title: Accounting Supervisor

Section 2. The foregoing supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement pursuant to Section 4 of the Resolution. Except as hereby modified, the Resolution shall remain in full force and effect.

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

PASSED, APPROVED AND ADOPTED on this 22nd day of September, 2021

ATTEST:

By: _____

Larry Howard
Printed Name

Title: Secretary

By: _____

Philip Stacy
Printed Name

Title: Chairman

RESOLUTION NO. 21-25

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND AMENDING AUTHORIZED REPRESENTATIVES FOR TEXAS LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, the Kerrville Public Utility Board, Location Number 77882 (“Participant”) is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investments funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool (“TexPool/TexPool *Prime*”), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; now, therefore

LET IT BE RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool/TexPool *Prime* and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

Section 2. That an Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant’s TexPool/TexPool *Prime* Account or (2) is no longer employed by the Participant; and

Section 3. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee or agent of the Participant;

Listed are the Authorized Representatives of the Participant. Any new individuals will be issued

personal identification numbers to transact business with TexPool participant services.

1. Name Philip Stacy Title Chairman
Signature _____ Phone Number 830-257-3050

2. Name Bill Thomas Title Treasurer
Signature _____ Phone Number 830-257-3050

3. Name Mike Wittler Title General Manager and CEO
Signature _____ Phone Number 830-792-8270

4. Name Amy Dozier Title Director of Finance
Signature _____ Phone Number 830-792-8267

5. Name Jill Cook Title Accounting Supervisor
Signature _____ Phone Number 830-792-8276

Listed is the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name Mike Wittler Fax # 830-792-8270
E-Mail mwittler@kpub.com

In additional and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. This limited representative cannot make perform transactions. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

6. Name n/a Title _____

Section 4. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amending or revocation. This Resolution is hereby introduced and adopted by the Participant at its Regular Board Meeting held on the **22nd** day of **September, 2021**.

NAME OF PARTICIPANT Kerrville Public Utility Board

By: Signature _____

Printed Name Philip Stacy

Title Chairman

ATTEST: Signature _____

Printed Name Larry Howard

Title Secretary

MEMORANDUM

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

From: Mike Wittler

Date: September 16, 2021

Re: Agenda Item No. 12 — Bank Depository

In 2018, KPUB requested proposals for bank depository services. Only one bank, Happy State Bank (formerly Centennial Bank), responded to the request. The KPUB Board approved a depository agreement with Happy State Bank on August 28, 2018 with resolution 18-11.

The initial term of the agreement with Happy State Bank ends on September 30, 2021. The depository agreement provides for an optional one-year extension under the same terms and conditions.

Happy State Bank has provided good service for KPUB and has met all of the additional requirements, such as collateralization, necessary for doing business with a government entity. In addition, Happy State Bank currently offers a substantially better interest rate on completely liquid, fully collateralized invested funds than KPUB could find at other banks or municipal investment pools.

Accordingly, management recommends passing the attached resolution authorizing the extension of the existing agreement in accordance with the terms of the 2018 depository services agreement.

Sincerely,



Mike Wittler



**KERRVILLE PUBLIC UTILITY BOARD
KERRVILLE, TEXAS**

REQUEST FOR DEPOSITORY BANKING SERVICES PROPOSAL

- I. INTRODUCTION**
- II. PROPOSAL SUBMISSION INSTRUCTIONS**
- III. SELECTION PROCESS**
- IV. KPUB FINANCIAL OVERVIEW**
- V. FINANCIAL INSTITUTION QUALIFICATIONS**
- VI. REQUIRED BANKING SERVICES**
- VII. OPTIONAL SERVICES**
- VIII. ALTERNATIVE SERVICES**

Attachment A: Proposed Bank Fees

**KERRVILLE PUBLIC UTILITY BOARD
KERRVILLE, TEXAS**

**REQUEST FOR PROPOSAL
DEPOSITORY BANKING SERVICES**

I. INTRODUCTION

The Kerrville Public Utility Board of Kerrville, TX (the "KPUB") is using this competitive sealed proposal process to request formal proposals and secure a qualified financial institution for banking and depository services with service to begin October 1, 2018 and extend through September 30, 2021 with one possible two year extension, if approved by KPUB. Upon expiration of the initial or extended term, the depository will agree to continue under the terms and conditions of the contract for such period of time as is reasonably necessary to re-solicit and select a new depository, if required.

The objective of this Request for Proposal ("RFP") is to identify the financial institution (the "Proposer") most capable of providing the highest level of service at the lowest cost to the KPUB. Through this contract the KPUB intends to minimize banking costs, improve operational efficiency, and maximize earnings. This RFP, which presents the KPUB's cash management goals, specifies all the required qualifications, banking services required, activity volumes on accounts, method and terms of compensation, submission instructions, and contract award provisions.

II. PROPOSAL SUBMISSION INSTRUCTIONS

By submitting a proposal in response to this RFP, the Proposer is deemed to agree to the KPUB's mandatory contract and service provisions contained herein. Any banking institution submitting a proposal is deemed to have read, understood and agreed to all terms, conditions and requirements set forth in the specifications. **The RFP and the proposal submitted will be incorporated into and form the basis of the final depository services contract.** In the case of any conflict of terms, the order of priority will be the Depository Agreement, this RFP, the Proposal, and applicable bank service agreements.

1. Preliminary Schedule for Proposal Submission

The proposed schedule of events is tentative and may be modified throughout the selection process at the discretion of the KPUB.

06/15/18	Release of Request for Proposal
06/27/18	Deadline for submission of questions regarding RFP (2:00 pm)
06/29/18	Responses to questions provided to known proposers (2:00 pm)
07/13/18	Deadline for proposal submission (2:00 pm)
08/15/18	KPUB Board Action to Award Contract (<i>anticipated</i>)
10/01/18	Contract commencement

The current banking contract terminates September 30, 2018. It is understood that an overlap of services will be necessary if the KPUB transitions accounts to a new depository and clears outstanding checks, etc. but all services must be operational in a new depository relationship by October 1, 2018 even if all assets have not been transferred. In accordance with the Texas Local Government Code 105.031(a) collateral must be in place five (5)

days before services commence. In addition, no assets will be transferred until a depository contract, executed under the terms of FIRREA, is in place.

2. Proposal Format

In order to equitably evaluate each Proposer's ability to meet the service needs of the KPUB, a standard format for all proposals is required. A response must be given to each item in Sections V through VIII in the order given along with completion of Attachments A (proposed fees). Only proposals submitted in the prescribed format and using the provided Attachments will be considered and evaluated for contract award. Proposals will be considered responsive only if all questions are completed and related materials provided. If it is necessary to provide additional materials, include these as referenced exhibits. Proposals deemed non-responsive will be rejected from consideration and will not be returned. The KPUB anticipates and appreciates concise and complete proposals.

Proposers are expected to examine all terms and conditions of the RFP and respond accordingly. Failure to do so will be at the Proposer's risk of being considered unresponsive. No more than one proposal may be submitted in response to this RFP by the Proposer.

This RFP is being issued in electronic format only. The Proposal however must be submitted on paper along with a complete electronic copy of the proposal for archival purposes.

Cover Letter

A cover letter must accompany the Proposal signed by an individual authorized to bind the Proposer and state that the Proposal is valid for 180 days from the submission deadline. The cover letter can contain an executive summary of the Proposal but should not contain any information not submitted as part of the Proposal. The cover letter may not exceed one (1) page in length and should provide full contact information for the individual with authority to negotiate during the period of proposal evaluation.

Attachment A with proposed fees must be completed and submitted as part of the proposal submission. Attachment A contains service volume activity from KPUB historical data. Complete this Attachment with all fees proposed to provide the services. Any additional fees (or different categories of fees) needed to provide the required services must be added to the Attachment. *Fees for services being proposed that are not indicated on the Attachment will not be honored during the contract period.*

If unanticipated services are added by the KPUB during the contract period, the fees will be no more than the then-current published service fees.

Right to Terminate

Both parties reserve the right to terminate the depository contract entered into as a result of this RFP for any reason or for no reason upon giving ninety (90) days written notice.

State and local law govern this RFP and any depository contract resulting from such, including Texas Local Government Code, Chapters 105 and 131, Texas Government Code, Chapter 2257, and the KPUB Charter. In the event there is a conflict between the terms of this RFP or any contractual term or condition, state and local law shall control and shall have the effect of making void the conflicting term or condition.

3. Submission of Sealed Proposals

Two (2) paper copies of the response to this RFP must be submitted in a sealed envelope, identified as "PROPOSAL FOR DEPOSITORY SERVICES" and received via mail, express mail or courier, by 2:00 o'clock P.M., **July 13, 2018** at the KPUB

address below. The Proposal sent to KPUB shall also include one electronic copy (on a jump drive) containing a copy of the entire proposal.

One paper copy and the electronic copy of the proposal must be sent to:

Ms. Jill Sadberry jsadberry@kpub.com
CFO
Kerrville Public Utility Board
2250 Memorial Blvd. (830) 792-8267
Kerrville, Texas 78028

One paper copy of the proposal must be sent to:

Patterson & Associates lpatterson@patterson.net
Linda Patterson
Barton Oaks Plaza II
901 S. Mopac Expressway, Suite 195
Austin, Texas 78746 (512) 320-5042

Proposal Rejection

Fax-transmitted or electronically mailed proposals will NOT be accepted and will not be returned. Proposals received after the submission deadline, regardless of the mode of delivery, will not be accepted and will not be returned.

The KPUB reserves the right to reject any and all submittals. This issuance of this RFP does not obligate the KPUB to contract for expressed or implied services. The KPUB will not reimburse vendors for any costs incurred during the preparation or submittal of proposals.

Furthermore, the KPUB expressly reserves the right to:

- Waive any defect, irregularity, or informality in any submittal or RFP procedure;
- Negotiate points of the Depository Contract or Collateral Agreement;
- Extend the RFP closing time and date;
- Reissue this RFP in a different form or context;
- Procure any item by other allowable means;
- Waive minor deviations from specifications, conditions, terms, or provisions of the RFP, if it is determined that waiver of the minor deviations improves or enhances the KPUB's business interests under the RFP; and/or
- Extend any contract when most advantageous to the KPUB, as set forth in this RFP.

4. RFP Questions

There will be **no pre-proposal conference**. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only at jsadberry@kpub.com with the subject line "Banking Services RFP", on or before 2:00 pm **June 27, 2018**. Responses to all material questions submitted will be communicated through e-mail to all known Proposers by 2:00 pm **June 29, 2018**. Any explanation desired by a Proposer regarding the meaning or interpretation of the RFP must be requested in email from the KPUB in accordance with this procedure.

Contact with any KPUB staff in regard to this RFP is strictly forbidden and could result in rejection of the proposal. Oral explanations or instructions given before the award of the contract are not binding and do not form a part of or alter in any way, the final agreements.

III. SELECTION PROCESS

1. Selection Criteria

The following criteria, in order of their general priority, will be used by the KPUB to evaluate the proposals and to make a recommendation to the KPUB Board for award of the depository contract:

- responsiveness and ability to provide services required,
- banking services costs,
- customer service,
- earnings potential (interest rates) and funds availability, and
- creditworthiness of the bank.

Customer service and service capabilities are critical elements for the KPUB. Along with service, the KPUB will consider the cost of those services as well as the earnings potential under the contract. These elements will be combined during the evaluation of the proposals.

2. KPUB Modifications to RFP

RFP interpretation, modification, corrections, or changes will be made by addenda issued by the KPUB to known proposers. Any addenda will be made available by email to all that are known to have received a copy of this RFP.

3. Variations from the RFP Requirements

It is the intention of the KPUB to procure services similar or equal to those set forth in this RFP. Variations from or additions to the services being sought should be noted clearly in the proposal with the answer to the appropriate question. Any alternative service or variation should be identified and include a description and explanation as to how the variation meets the KPUB's requirements. All costs for the service should appear on Attachment A. The KPUB has the option of rejecting any and all variations and rejection of a variation may result in the KPUB rejecting the proposal.

4. Modification or Withdrawal of Proposal

Proposals cannot be altered or amended after the submission deadline passes. Proposals may be modified prior to the deadline only by providing a written notice (by email) to the KPUB at the address shown above. A proposal may also be withdrawn by providing the same notice. **Once the proposal is withdrawn, the proposer will not be allowed to resubmit another proposal.** This provision does not change the common law right of a submitter to withdraw a proposal due to a material mistake in the proposal.

5. Award of Depository Contract

The KPUB will review the proposals submitted and one or more Proposers may be asked to make a presentation of the services. The KPUB may request additional information from any proposer. The KPUB reserves the right to request additional information or oral discussions/presentations in support of the written proposal.

Unless and until the KPUB and the Proposer sign all the required agreements, neither party is contractually bound to the other party. The KPUB expects that a Depository Contract will be executed under the terms of FIRREA and, if applicable, supported by additional individual service agreements for the particular banking services chosen by the KPUB for implementation.

By mutual agreement during the contract period, the parties may modify or change the services provided by depository to the KPUB. It is anticipated that the range of services described in this RFP will be used for the contract term. Should new services be added, the service will be provided at a negotiated level not to exceed the then-current bank published rate.

6. Applicable Law and Venue.

This RFP process and documents and any contract that results from this RFP shall be governed by the laws of the State of Texas. Venue shall be in Kerr County, Texas.

IV. KPUB FINANCIAL OVERVIEW

The KPUB currently maintains four major stand-alone bank demand accounts. The collected balance for the entire relationship averages \$ 5,901,999. This average may be reduced in the future. Revenue is received consistently throughout the year. The KPUB is currently utilizing remote deposit services for all physical checks. Commercial cards are currently issued and processed through the current bank contract and will be considered under this contract. Merchant services is presented as an *optional service* under this RFP and could be included in the contract.

The KPUB is interested in highly competitive interest rates. Interest bearing rates in interest bearing accounts and money market accounts as well as the ECR will be of particular interest to the KPUB. The KPUB will reserve the right to use either a compensating balance or fee basis for compensation. As rates rise and considering the possibility of a regulatory fee, the KPUB will most probably be paying for banking services on a fee basis, at least initially, but reserves the right to change between a fee and compensating basis during the contract period.

The majority of banking activity occurs in one revenue account. The KPUB uses this account for most payables. Payroll is paid from a separate account. The accounts are not currently structured as ZBAs but the KPUB may consider a potential change to a ZBA structure dependent on rates and sweep options. A ZBA structure would utilize the main account and then a sweep to a acceptable money fund (with some but not all accounts being swept).

Most wires, securities transactions, transfers, and ACH transactions process through the primary revenue account. Customer credit card payments as well as other credit card payments are also clearing through the revenue account.

ACH deposits are received from the County, the State, and other miscellaneous payments to the KPUB with an average 4,700 entries monthly.

ACH credits are made from the payroll account for approximately 60 total employees for a gross monthly payroll averaging \$ 226,000. Approximately 100% of the payroll is paid by direct deposit. The bank will be expected to follow standard SWACHA regulations.

The Finance Department has total control of banking, accounts payable and receivables, payroll operations, customer billing, collection management and deposits for all revenue generated. All reporting and reconciliation will be accomplished through the Finance Department. Any or all KPUB funds may be maintained and invested by the KPUB outside this contract. The KPUB will be under no obligation to maintain time or demand funds in the bank except when fees are paid under a compensating balance basis.

V. FINANCIAL INSTITUTION INFORMATION

The proposal must include a response to each question in this Section.

To be qualified, the Proposer must be a FDIC member and federally or State of Texas chartered depository institution with full banking facilities physically located in the City of Kerrville. The Proposer must also qualify as a designated Texas Depository under Chapter 404 of the Texas Government Code.

1. **Creditworthiness**

In order to fulfill the KPUB's fiduciary responsibility for public funds the proposal shall provide the following.

- a. Provide a link to the audited annual financial statement for the most recent fiscal period. The bank will be required to submit an audited annual financial statement to the KPUB each year of the contract period, as soon as it is publicly available. Confirm agreement to this requirement.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency. The bank will be required to notify the KPUB of any change in this rating during the contract period, as soon as it is publicly available. Confirm agreement to this requirement.
- c. Provide the most recent senior and subordinate debt ratings of the bank's holding company. If not rated, provide the bank's most recent four quarters rating from an independent bank rating agency such as Highline or Veribanc. The bank will be contractually liable for notifying the KPUB within thirty (30) days of any change in any of these debt or bank ratings during the contract period. Confirm agreement to this requirement.

2. **Customer Service and Community Service**

Service and community support are critical elements. Describe the bank's customer service philosophy and approach to satisfying this need through the following responses.

- a. How will the bank satisfy the KPUB's needs in customer service? How are professionals in the local bank involved to provide the KPUB with relationship support?
- b. How is service and overall contract performance monitored at the holding company level?
- c. How does the bank intend to support the new and ongoing automation needs of the KPUB?
- d. Are there any new services planned which may impact the KPUB? When will these be available?
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- f. The KPUB requires the right to use a third party auditor to review the KPUB's accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
- g. What level of community service has the bank and its employees contributed to the Kerrville community?

3. **References.**

Provide references from three comparable Texas public entity clients. For each reference, include the length of time under contract, a client contact, title, email and telephone number.

4. **Depository Agreement and Service Agreements**

Provide a copy of all service agreements which will be required to provide the services under the contract for services rendered. The KPUB will negotiate, if it feels necessary, certain terms of the depository agreement.

The KPUB anticipates that any changes required on the KPUB or Bank agreements will be made and agreed to before award of the contract is made by the KPUB.

- a. Provide the proposed depository agreement/collateral agreement.
- b. Provide all service agreements required for provision of the services proposed.

5. Implementation timeline.

The contract period is anticipated to commence October 1, 2018. Not all funds will be transferred by this date but expects that all services should be available for use by that date. In accordance with Local Government Code [105.073] the KPUB will attempt to move funds into the bank within 60 days of the award of the agreement, if feasible. Collateral shall be in place at least five (5) days [105.031(b)] before any funds are transferred.

Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the KPUB option to terminate the contract, but the exercising of such option to terminate the contract does not limit any other remedies the KPUB may have for damages or other relief under law.

- a. Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party. Denote any limitations or potential delay points. The timeline must reflect the number of calendar days required to put the services in place or the end date of when such services will be in place and available to the KPUB.

VI. REQUIRED SERVICES

The proposal must include a response to each of the questions in this Section and all associated fees must be detailed on Attachment A. Attachment A should contain all costs associated with providing these services and any cost so associated but not defined in Attachment A will not be honored under the contract.

It is KPUB's intent that the contract negotiated between the KPUB and the Depository selected through this process will encompass all the services and conditions required here. Additional services within these general guidelines may be offered by the Proposer. The Required Services are minimum requirements, and any Proposer refusing or failing to provide such minimal services will not be considered for selection as the Depository.

1. Account Structure

Under this contract, KPUB will require the option to pay for services on a fee or compensating balance basis. The KPUB wants all its funds to be continuously earning at the best, then-current interest rates and wishes to reduce any regulatory fee possibly through use of a sweep structure, if feasible.

KPUB may be required or may desire to open additional accounts or close/change accounts during the contract period. Any new accounts shall be charged at the same contracted amount.

KPUB currently does **not** utilize a sweep but will consider the use a sweep to reduce collateral needs and increase earnings while eliminating regulatory/balance related fees. The anticipated sweep would be to a SEC registered, AAA-rated money market fund striving to maintain a \$1 NAV. Accounts currently are interest bearing and traditionally fees have been paid through compensating balances. Since rates are expected to continue to rise during this contract period, an automated, daily sweep to a money market mutual fund (or bank alternative, if

applicable and competitive) should be proposed in order to reach full investment goals and to minimize collateral requirements and regulatory fees.

If the bank has a valid alternative to an SEC money market mutual fund which is in compliance with the KPUB's Investment Policy, it may be presented. *Neither a repurchase agreement nor an off-shore account of any type is acceptable as a sweep investment vehicle.*

- a. Describe the bank's ability to provide a ZBA-Master structure and a sweep mechanism.
- b. How is interest applied in each structure? Indicate your recommended account structure.
- c. Will sweep activity be reported on a detailed, daily basis (each debit and credit) or summarized on a monthly basis? Is a separate sweep account report available for the transactions? Provide a sample report.
- d. Is the account balance in each account reported each day through the automated service in the case of a sweep?
- e. If it is to be used, provide the prospectus for the sweep money market fund.
- f. If the Bank cannot provide a sweep mechanism, or if alternative account types are proposed for the accounts, describe the account structure proposed including the type of accounts (interest bearing, money market, ZBA, etc.) along with the overall account structure.
- g. Is the bank charging a regulatory fee? At what level (bps)?
- h. The KPUB expects highly competitive rates on all demand accounts and the ECR. If managed rates are used for any rate provide the index basis, as applicable.
- i. Is the sweep processed as the last transaction of the day? If it is a next day sweep, describe the collateral provisions for funds held overnight. How are end-of-month transactions handled?
- j. Provide the interest rates for the past twelve months and the current rate in the chart below.

Type	12 Month Average	Current Rate
Earning Credit Rate (ECR)	%	%
Interest Bearing Accounts	%	%
Money Market Accounts	%	%
Sweep Accounts	%	%

2. Automated Cash Management Information Access

KPUB requires web-based cash (treasury) management services and inter-day and intra-day balance reporting. It requires a high degree of automation within all service areas. On-line access to imaged checks and returned items and documents as well as image retention is required. Imaging of deposit slips and deposit items is required. Preferably statements and monthly account analyses will be available in electronic form.

KPUB currently downloads only the monthly statement but may want to expand the download ability to KPUB's accounting software in the future. KPUB uses no reconciliation services. The KPUB currently uses National Information Services Cooperative (NISC) as its general ledger software.

The minimum in on-line services must include daily (prior and current day) balance reporting (with a preferred 30 day look-back), stop pays, positive pay, account transfers, and wire transfers. Daily balance reporting should include detail on all transactions with summary reporting on closing ledger and collected balances along with one-day float.

- a. Fully describe the bank's on-line service capabilities and systems and imaging capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.). Provide a website link and sign-on information for an on-line review of all the online services. If not available, submit screen prints.

- b. Describe your search capabilities for historical transactions and reports as well as the ability to retrieve and download historical images.
- c. Are all reporting services web-based? Is paper back-up from the KPUB needed on any transactions?
- d. Does the bank currently provide banking services to other entities using NISC software? If yes, provide a reference with contact information.
- e. Do the bank's systems include a cash forecasting module or capability?
- f. When is prior day information available? What is the delay time on real-time information?
- g. Define all transaction and summary history retention features.
- h. Describe back-up procedures for use by KPUB with any interruption in the automated system delivery of information or transaction input functions.
- i. Describe provisions for off-site backup and continuation of services in local or regional disaster situations.
- j. Describe the security protocols for online services. How is authentication and authorization provided? How and by whom is the administration of the security module established and maintained?
- k. What are the hours of available technical support? How is this support provided?

3. Collection and Deposit Services

Standard commercial deposit services are required for accounts. KPUB cash drawers are combined into one deposit. The deposit is delivered to the bank on a daily basis by Garda. Twenty-four hour deposit capability is desired but not required. The KPUB anticipates an average of one daily deposit which include money orders, coin, and currency.

All deposits received by the bank's established deadline must be processed same day. Immediate verification is not required. The bank shall guarantee immediate credit on all incoming wire transfers, on-us items, and securities maturities and coupons. All other checks clearing will be based on the bank's published availability schedule or remote processing schedule. Failure to timely credit the account will require payment reimbursement to the KPUB at the then-current Fed Funds rate.

The KPUB does not now utilize re-presentment of checks through ACH (RCK) but may consider its use during the contract period. Checks are currently represented automatically twice. As a utility, it is critical to be able to cancel an ACH debit (using RCK) if the customer has paid at the office.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at a banking center and vault?
- b. Must deposits be made to a vault? If so, where is the vault located? What delay may occur with vault deposits or transfers? Describe the process if the vault is not located in Kerrville.
- c. Does the bank provide deposit location tracking? Describe. Do daily online reports include detail or summary activity by location? Are all deposits designated by location and tracked through reporting?
- d. Does the bank provide for deposit to several accounts off one check in one deposit?
- e. Does the bank require or prefer strapping and rolling? Are there cost options/benefits for separating cash and checks? Coin and check? Strapping/rolling?
- f. Is there any limit to the number of deposits in one deposit bag? If combined in the deposit bag, are these handled as separate advices?
- g. When are credit/debit advices sent to KPUB? Are these advices sent electronically? (Preference will be given to electronic delivery.) Are images of originals provided with each advice?
- h. Does the bank have any program to actively assist the KPUB's collection from vendors or ongoing repetitive citizen payments preferably through ACH?
- i. How does the bank handle discrepancies in deposit amounts? What settlement process is followed?

- j. How and when does notification of return items take place? List the elements reported (date, status, reference number, account numbers and routing number, amount, etc.).
- k. Describe your e-Box service fully.
- l. What type deposit bags are used or required? Are these available from the bank? At what cost?
- m. If provisional credit is given on deposit before verification, when does verification occur?
- n. How much advance notice is required on coin and currency orders? Can orders be placed on line? Is there any minimum purchase/change requirement? What is the turn-around time on orders?
- o. Include a list of all the bank's deposit locations within Kerrville and any limits by type of deposit.
- p. What e-receivables programs does the bank have available?
- q. Can the bank provide RCK service? If so, can a scheduled ACH debit be cancelled once scheduled?
- r. Price and report the total fees which would apply to the following deposit outlined below. (This does not reflect a normal KPUB deposit and is used for cost comparison purposes only.) The cost of the deposit would be \$ _____ at the bank and \$ _____ at the vault.

SAMPLE DEPOSIT:

The sample deposit would be made (a) in four (4) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

Currency			
Denom.	# Straps	Loose \$	Total \$
\$100	5	\$ 300	\$ 20,300
\$ 50	6	\$ 600	\$ 15,600
\$ 20	4	\$ 340	\$ 4,340
\$ 10	9	\$ 70	\$ 4,570
\$ 5	22	\$ 175	\$ 5,675
\$ 1	50	\$ 14	\$ 2,514
			\$ 52,999
Coins			
\$.25			\$ 427
\$.10			\$ 114
\$.05			\$ 10
\$.01			\$ 2
			\$ 553
Checks			
	280 checks		\$140,252
			<u>\$ 140,242</u>
			\$ 193,794

4. Remote Electronic Check Acceptance

The KPUB does currently use remote for deposit of consumer and commercial checks and money orders at the one or more locations.

- a. Describe the bank's process and capabilities for remote capture. Describe equipment needs, capabilities, and limitations. A web-based system is required.
- b. Discuss and define any additional *virtual* collection services offered for the capture of both the checks, money orders and remittance documents.
- c. What is the final cut-off time? Are there any limitations on batch size or number of transmissions per day?

- d. What options does KPUB have in scanners for use with the process in various volume locations? Is this equipment available through the contract: purchase or lease? List the equipment required along with its approximate cost(s).

5. Disbursing Services

Standard disbursing capability for all accounts is required. Payment of all KPUB checks without charge upon presentation by KPUB employees is required. Checks are currently being written on the revenue account. The KPUB requires positive pay services on all check writing accounts.

KPUB does not have a mandatory direct deposit policy but actively encourages its employees to move to direct deposit. Currently, 90% of the average 60 employees use direct deposit. Manual payroll checks are also written. (Currently pay cards are not used but are discussed in as an optional service later in this RFP.)

- a. When is daily check clearing information available online through intra-day reporting? How long are transaction details maintained online?
- b. KPUB requires that the bank shall cash free of charge all on-us checks for KPUB employees regardless of the individual's account status with the bank. Confirm agreement with this condition.
- c. Describe any bank e-payables services. What data transfer options are available for payment consolidation systems?
- d. Describe the handling of exception or non-standard items through the payment consolidation process. Describe the error tolerance limitations and subsequent handling requirements.

6. Commercial Cards

Nine commercial cards are used by KPUB staff for various business purposes. The reporting is web-based. There are a low number of commercial card transactions monthly. Cards are currently issued through the depository bank.

- a. Describe your commercial card program including the issuance process.
- b. Does the program include any rebate?
- c. Do you offer cards that could be generated as needed for employees traveling? Does your program allow us to generate the virtual card? Describe.
- d. Do you offer virtual cards for vendor payments?
- e. Are there any fees that KPUB would pay for the above mentioned services? If so, what is the fee structure and are there monthly/annual minimums to avoid fees?
- f. Do you provide an online portal registration and management?
- g. Do you have support for vendors that have questions in reference to registration or ongoing payments of virtual payments?

7. Positive Pay and Account Reconciliation

Positive pay is required on check writing accounts with payee verification preferred. Currently, positive pay is not used. The KPUB will require positive pay services with complete indemnification for fraudulent checks. The proposal must provide a fully automated and web compatible transmission process. Transmissions will be made as part of each check run. Manual check information must be able to be input and transmitted online.

KPUB may combine positive pay services with partial reconciliation services but reconciliation is not currently used.

- a. Does the bank provide positive pay services? Payee positive pay?

- b. Describe data transmission file and timing requirements for check registers. Are file transmissions charged by file, by detail item or both?
- c. Is positive pay input for manual checks available on-line? Describe fully.
- d. Do you have ACH positive pay?
- e. Will all checks be caught by positive pay as long as they remain on the positive pay data base?
- f. Is exception reporting and handling managed totally online? Describe.
- g. At what specific time is positive pay exception information reported to the KPUB? How is notification made? Is email notification available or must the KPUB check for exceptions on your portal?
- h. At what specific time is the positive pay response required for KPUB exception elections?
- i. Does the bank review exceptions such as encoding errors for possible repair before creating a KPUB exception item?
- j. Are all checks, including those received over-the-counter by the tellers, verified against the positive pay file before processing? How often is teller information updated? If not verified, what are the process, liability, and security on OTC transactions?
- k. Can the bank provide fraud control paper check stock?
- l. Describe your partial reconciliation services.
- m. Describe transmission file requirements. Is the bank currently able to post directly to the NCIS system used by KPUB?
- n. When are reconciliation reports available? Are they online or on paper? How long are they maintained online? Are they downloadable? Do they contain images of checks?

8. Wires and Internal Transfer Services

KPUB rarely has incoming wires but sends an average of eight outgoing wire each month. Most outgoing wires would be repetitive. All accounts are capable of wire originations online and via voice. KPUB uses wires mostly for pool transfers and paying agent transactions. Dual authorization and release is required.

Incoming wire transfers must receive same day credit. Wire initiation and release must be available online. KPUB will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Can all wire transactions be initiated and monitored on-line?
- b. Can repetitive templates be created and stored? Is there a template storage fee?
- c. What level of security authorization/release do repetitive or non-repetitive wires require? Is authorization for repetitive and non-repetitive the same?
- d. Is future dating of wires and transfers available? How far in advance?
- e. State wire cut-off times.
- f. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of scheduled activity or incoming wires.
- g. Can internal account transfers be processed totally on-line? Is there a fee for internal transfers?
- h. Are book debits/credits all handled online? Is there a fee?

9. ACH Services

ACH service is currently used for accounts payables. There are approximately 4,700 two-day ACH items per month. KPUB requires pre-notification and filters/blocks on all accounts.

Utility bills are on a monthly billing cycle which does have a program for monthly automatic customers debits. ACH is used for some vendor payments and the KPUB plans to expand this use.

- a. Is ACH service available for online individual transactions as well as file transmission? What are the cut-off times for each?
- b. Is same day ACH available? What deadlines are applicable?
- c. Does the bank debit the KPUB account at initiation of the file or on settlement date?
- d. Describe how individual ACH transactions are input online? What security features are in place? Does this require dual authorization?
- e. What is the policy and process for handling of ACH returned items?
- f. Can ACH items and files be future dated? How long ahead?
- g. What specific filters and blocks are available on the accounts? Define and describe all fraud filter and block options.
- h. Are ACH addenda shown in their entirety on-line and on detail reporting, reports and statements? Does this require additional EDI or other service modules for access?
- i. KPUB will require pre-noting. Is the pre-note charged as a standard ACH transaction?
- j. Will the KPUB incur a transmission and/or file processing fees for on-line individual ACH transactions?

10. Safekeeping Services

All KPUB investments will be made by the KPUB Finance Department and written instructions for settlement will be given to the bank by an authorized individual. KPUB currently has no securities and does not anticipate use of the account but needs information should one be required under the contract. The bank or its correspondent will be required to provide book-entry safekeeping services.

All securities must be cleared on a delivery versus payment (DVP) basis and ownership clearly and timely documented by receipts. All interest payments and maturities shall be given immediate collected credit. Ownership of the securities must be perfected and evidenced by an original safekeeping receipt or access to online information within one business day.

In the case of securities, the bank's brokerage services will not be used for purchases in order to perfect DVP.

Certificates of deposit may be purchased from the bank but these will be on a competitive basis.

- a. Is online trade input available? Is settlement monitoring and portfolio status available online?
- b. Describe the bank safekeeping arrangements proposed. Identify any correspondent bank used.
- c. If a correspondent is to be used, define the process and confirm same-day crediting/debiting on all transactions. Describe any additional KPUB actions required.
- d. Are safekeeping fees hard charged or available through the account analysis?
- e. KPUB desires call and maturity notification. How is this provided?
- f. Are notifications sent on all transactions (purchase, sale, calls, and maturities)? When and how?

11. Collateral Requirements

KPUB requires a bank that is fiscally strong and able to provide the services described on an uninterrupted basis. As public funds KPUB falls under provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) with additional restrictive KPUB requirements. Collateral will be in place at least five (5) days [Local Government Code 105.031(b)] before any funds are transferred.

If funds are, for any reason, not swept all un-invested time and demand funds above FDIC insurance coverage must be collateralized with 102% market value securities authorized by KPUB. Authorized collateral will include only the following as described in the KPUB Policy:

- Obligations of the U.S. Government or its agencies and instrumentalities including mortgage-backed securities and CMOs passing the *bank test*
- State and local debt obligations rated AA or better

Letters of credit may be considered but preference is given to proposers pledging securities.

All securities pledged to KPUB will be held by a KPUB approved independent third party institution outside the bank's holding company. The bank will be responsible for the pricing of securities and daily monitoring and maintenance of margin levels. Preferably the custodian would provide market values on the securities. The custodian is required to provide a monthly report directly to KPUB on the collateral pledged.

The Collateral/Pledge Agreement shall be executed under the terms of FIRREA with approval by resolution of the Bank Board or Loan Committee. If the Federal Reserve is used as custodian a Circular 7 Pledgee Agreement will be executed and appended to the agreement.

KPUB intends to minimize collateral costs through use of the sweep mechanism. The following conditions must be met.

- Collateral must be held in an independent third party bank approved by KPUB outside the bank's holding company.
- Initial collateral will be provided for KPUB five days prior to deposit of funds in accordance with State law.
- All deposits will be collateralized, above FDIC insurance, at 102% market value of principal plus accrued interest in the bank daily.
- The bank is responsible for the daily monitoring and maintaining of collateral margin requirements.
- Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to KPUB by the custodian and KPUB will receive a report of collateral pledged including description, par, market value, and cusip monthly preferably directly from the custodian.
- Substitution rights will be granted if the bank/custodian obtains KPUB's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping. Collateral value will be maintained during substitution at 102% or above.
- Approval of the collateral agreement will be made by resolution of the bank's Board or Bank Loan Committee.
 - a. Confirm agreement to each of the collateral conditions stated above noting any exceptions to each.
 - b. Will there be a fee for collateral?
 - c. What financial institution will be used as custodian?
 - d. Are online systems available for the KPUB to inquire on collateral?
 - e. When is collateral marked-to-marked and by whom?

12. Account Analysis

A monthly account analysis report should be provided for each account and on a total relationship basis.

- a. Provide a sample account analysis.
- b. State how and when the analysis will be available each month.
- c. Is the analysis provided online? How long is the analysis maintained on-line?

13. Monthly Statements

The bank shall provide monthly account statements on individual accounts and on a relationship basis. All accounts are on a monthly cycle using the calendar month as cut-off. Timeliness of reporting is critical.

- a. Provide a sample statement format.
- b. When and how are statements available? Are statements provided in both paper and electronic formats? Is there a fee for paper?
- c. When is the statement available online? How long are statements maintained online?

14. Account Executive

To insure smooth contract implementation and continuation, a specific account executive and back-up must be assigned to KPUB to coordinate services and expedite the solution of any problem. The account executive should meet with KPUB staff semi-annually on banking matters at a minimum.

- a. Is there a protocol and system for monitoring and providing solutions to individual problems?
- b. Provide the names and titles of the proposed account relationship representatives.

15. Overdrafts

Every effort will be made by KPUB to eliminate net aggregate daylight and overnight overdraft situations.

- a. State the bank's policy regarding aggregate overdraft charges and the fees, if any.

16. Stop Payments

KPUB currently averages one stop pay a month and does not have automatic renewals. KPUB requires a minimum of six months for the stop pay period. KPUB prefers an online renewal.

- a. Describe the stop pay process and any bank policy on stop pays.
- b. How long do standard stop pays and renewals remain in effect? What options are available?
- c. How is a stop pay renewal or cancellation accomplished? Do you have automatic renewals?
- d. What is the deadline for same day action?
- e. Will the on-line system verify if the check was cleared before accepting the stop pay?

17. Safe Deposit Box

KPUB requires a safe deposit box for storage of certain documents.

- a. Can the bank provide a safe deposit box in a Kerrville location?
- b. What are the sizes of boxes available? At what costs?

VII. OPTIONAL BANKING SERVICES

The proposal must include a response to each question in this section and all fees associated with the services below must be shown on Attachment A. If the service is not available respond as "Not available".

KPUB continually investigates new services for use and possible inclusion under its banking services contract. The following services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for current, or future, use under the contract.

KPUB will make its determination during the contract period as to whether these particular services *may* be used. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied. If the bank currently does not offer the service but is planning to offer the service during the projected contract period, it should so stipulate along with the anticipated date of activation.

1. Merchant Services

The merchant services are being combined with banking services to streamline operations and coordination. The City requires that the bank chosen for banking services will have a close working relationship and working history with the merchant services provider if the bank itself does not offer the services under a subsidiary or affiliate relationship.

- a. What is the relationship between the banking services provider and the merchant services provider? Describe fully. If a third party acquirer/provider is used, describe completely the nature of the business relationship.
- b. Provide the names, email addresses and phone numbers of three public references with comparable volumes and communication capabilities who are currently using the card processing services. Select a mix of long-standing and recently acquired customers.
- c. Describe the relationship management team that will service the account, as well as their functional responsibilities and their position in the overall firm. Will there be local representation?
- d. What is the expected turn-around time on issue resolution? Is there any guarantee on the timing and escalation of issues?
- e. Describe the hardware necessary for acceptance of credit and debit cards for all types of transactions (card present, card not present, IVR application, internet, and pin-based debit.)
- f. Describe interface requirements and compatibility issues.
- g. Indicate all payment gateways currently supported. What set-up process is used?
- h. Does the Proposer provide PCI testing?
- i. Provide a funds availability schedule by card type. Is all funding next day? Describe. Is any expedited funding available?
- j. What is the daily cut-off time for sales transactions to be transmitted to meet settlement deadlines?
- k. How will transactions appear on bank reporting?
- l. Define the chargeback cycle. What percentage of chargebacks is currently handled without merchant involvement? Does the firm have a standard rule-based logic to facilitate dispute resolution processing?
- m. Does the firm support BIN (Bank Information Number) file management to differentiate between debit and credit card transactions?
- n. How are PCI compliance initiatives handled? How do you qualify merchants?
- o. How are clients made aware of new PCI initiatives and general information?

- p. What PCI training is available? Are there charges for these services?
- q. Provide an overview of reporting cycles, procedures, and capabilities. Are all reports available online?
- r. Are reports archived? Can all reports be downloaded?
- s. Is historical information regarding sales, refunds, and charge-backs maintained in a database for access by the merchant? How far back are reports available? How long is reporting data stored in your system?
- t. Does the firm offer processing solutions to perform (a) deferred billing, (b) installment billing and (c) recurring billing?
- u. Describe the firm's overall pricing structure. Is the firm offering a fixed cost plus surcharges fee or an interchange plus fee?
- v. List all of the firm's possible "non-qualified surcharges" categories (such as reward card fees, etc.) The fees for these are to be included on Attachment A.
- w. Provide a copy of the anticipated applications and contract to be signed.

VIII. Alternative Services

If the Proposer wishes to present any additional services which may be effective for KPUB each of those services should be described below. Include potential fees involved in the provision of the services.

ATTACHMENT D
DEPOSITORY SERVICES AGREEMENT

THIS BANK DEPOSITORY SERVICES AGREEMENT hereinafter called the "Agreement", is made and entered into on the date last herein written by and between the Kerrville Public Utility Board, Kerrville, Texas, hereinafter called the "KPUB", and Centennial Bank, a state banking association, organized under the law of the State of Texas and authorized to do banking business in the State of Texas, hereinafter called the "Bank", and provides as follows:

1. **Designation of Depository.** The KPUB, through action of the KPUB Board, on August 28, 2018 hereby designates Bank as a primary depository bank for the period beginning October 1, 2018, and **continuing** through September 30, 2021, with the option for one (1) one-year extension under the same terms and conditions.
2. **General.** All services rendered to KPUB by Bank under this Agreement shall be performed in accordance with accepted commercial banking standards for public fund organizations and under the overall direction and instructions of KPUB pursuant to Bank's standard operations, policies, and procedures.
3. **Scope of Services.** Bank agrees to provide those services as described in the KPUB Request for Proposal for Depository Banking Services released on June 15, 2018 hereinafter referred to as the "RFP". The RFP and Bank's response to the RFP, hereinafter referred to as the "Response", are incorporated herein by reference. Bank acknowledges that all services performed by Bank are subject to the approval of KPUB.
4. **KPUB Representatives.** During the term of this Agreement, KPUB will, through appropriate action of its Board, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of KPUB in any and all matters of every kind arising under this Agreement and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of KPUB in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfer by written instrument.
5. **Custodian.** KPUB and Bank, by execution of this Agreement, hereby designate Federal Home Loan Bank of Dallas and/or The Independent BankersBank, Dallas, as custodian, hereinafter called "Custodian", to hold in trust, according to the terms and conditions of this Agreement, the collateral described and pledged by Bank in accordance with the provisions of this Agreement.
6. **Custodian Fees.** Any and all fees associated with Custodian's holding of collateral for the benefit of KPUB will be paid by Bank and KPUB will have no liability therefore.
7. **Entire Agreement.** The entire agreement between Bank and KPUB shall consist of this Agreement, KPUB's RFP (Except to the extent Bank took specific exceptions in the Bank's

Response), Bank's Response, the Custodial Agreement with Custodian, and other such bank services agreements, policies and documents as may be required and approved by the parties (together, the "Banking Agreements"), each incorporated by reference as they presently exist and each listed in governing order of precedence in the event of conflict among the documents. This Agreement supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Agreement may not be amended, altered, or waived except by mutual agreement evidenced by a written instrument signed by duly authorized representatives of both parties.

8. **Collateralization.** All funds on deposit with Bank to the credit of KPUB shall be secured by collateral as provided for in the Public Funds Investment Act (Chapter 2256 of the Texas Government Code as amended), the Public Funds Collateral Act (Chapter 2257 of the Texas Government Code), KPUB's Investment Policy, and Bank's Response.

If marketable securities are pledged, the total market value of the securities securing such deposits will be in an amount at least equal to the minimum required amount as per KPUB's Investment Policy. The market value of any pledged securities (collateral) will be obtained from non-Bank-affiliated sources. Bank will monitor and maintain the required collateral margins and levels at all times.

Bank has heretofore, or will immediately hereafter, deliver to Custodian collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of KPUB deposited with Bank. Custodian will accept said collateral and hold the same in trust for the purposes herein stated. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by Custodian in trust so long as deposits of KPUB remain with Bank. Bank hereby grants a security interest in such collateral to KPUB.

If at any time the collateral in the hands of Custodian shall have a market value in excess of the required balances, KPUB may authorize the withdrawal of a specified amount of collateral, and Custodian shall deliver this amount of collateral (and no more) to Bank.

If surety bonds or letters of credit are utilized, KPUB shall agree as to the issuer and form of contract prior to the pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per KPUB's Investment Policy. The termination or expiration of any surety bond or letter of credit shall be a minimum of two (2) business days after KPUB anticipates withdrawing the secured deposit.

9. **Successors.** This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party's successors and assigns.
10. **Compensation.** KPUB and Bank agree that any compensation for the performance of all duties and services is set forth in the Response accepted by KPUB. Except as may otherwise be provided in the Banking Agreements, said compensation shall constitute full payment for all services, liaison, products, materials, and equipment required to provide the professional

banking services, including services, materials, training, equipment, travel, overhead, and expenses. Fees shall be fixed for the term of the Banking Agreements, including all extensions.

11. **Consideration.** The Banking Agreements are executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
12. **Counterparts.** The Banking Agreements may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. A facsimile signature will also be deemed to constitute an original if properly executed.
13. **Authority to Execute.** The individuals executing the Banking Agreements on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing the Banking Agreements to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute the Banking Agreements in order for the same to be an authorized and binding on the party for whom the individual is signing and that each individual affixing his or her signature hereto is authorized to do so.
14. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of Texas. Kerr County will be the venue for any lawsuit arising out of this Agreement.
15. **Notices.** Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Agreement shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

Bank: Monty Long, Executive Vice President & Chief Financial Officer
Centennial Bank
904 Avenue O
Lubbock, TX 79401

KPUB: Mike Wittler, CEO and GM
2250 Memorial Blvd
Kerrville, TX 78028

Changes to notice information may be made by either party with written notification to the other party.

16. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Agreement not

declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

17. **Binding Commitment.** Bank hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Government Code and Local Government Code, such that all funds deposited with it as depository shall be faithfully kept by it and accounted for according to law.

18. **Continuation.** Unless this Agreement is terminated sooner, Bank's designation as the primary KPUB Depository will remain continuously in effect through September 30, 2021, subject to execution of the extension options.

Executed by the undersigned duly authorized officers of the parties hereto:

KERRVILLE PUBLIC UTILITY BOARD
By: [Signature]
Name: M. WITLER
Title: GENERAL MANAGER + CEO
Date: AUG. 28, 2018

ATTEST:
By: [Signature]
Name: LIDIA S. GOLDTHORN
Title: EXECUTIVE ASSISTANT

CENTENNIAL BANK
By: [Signature]
Name: MONTY LONG
Title: EVP/COO
Date: 8/29/2018

ATTEST:
By: [Signature]
Name: Cindy Wieband
Title: RUP

RESOLUTION NO. 21-26

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING THE OPTIONAL ONE-YEAR EXTENSION OF KERRVILLE PUBLIC UTILITY BOARD'S AGREEMENT FOR BANK DEPOSITORY SERVICES WITH HAPPY STATE BANK UNDER THE TERMS OF THE EXISTING AGREEMENT

WHEREAS, Ordinance No. 87-45 of the City of Kerrville, Kerr County, Texas, requires that all monies of the Kerrville Public Utility board be maintained in specified funds at an official depository bank of the Kerrville Public Utility board; and

WHEREAS, with Resolution 18-11, the Kerrville Public Utility Board approved a depository services agreement with Happy State Bank (formerly Centennial Bank) on August 28, 2018, after soliciting bids for the depository services in accordance with State Statutes; and

WHEREAS, the current Bank Depository Agreement with Happy State Bank expires September 30, 2021, but provides for an optional one-year extension under the same terms and conditions; and

WHEREAS, the Kerrville Public Utility Board staff recommends extending the agreement under the same terms due to favorable terms, Happy State Bank's above market interest rate for invested funds and Happy State Bank's ability to satisfactorily provide all necessary banking services; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the term of the banking services contract be extended to September 30, 2022 under the provision of the optional one-year extension with the same terms and conditions as specified in Attachment D of the existing agreement approved on August 28, 2018.

Section 2. That the General Manager and CEO is authorized by the Board of Trustees to execute the Bank Depository Services Contract.

Section 3. That this Resolution shall take effect from and after its passage.

PASSED, APPROVED AND ADOPTED on this 22th day of September, 2021

Philip Stacy, Chairman

ATTEST:

Larry Howard, Secretary

MEMORANDUM

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

From: Jill Cook

Date: September 15, 2021

Re: Agenda Item No. 13 — Financial Report

KPUB recorded net income of \$506,276 for the month of August 2021, with revenues, expenses and net income all below budget. KPUB's renewable energy contracts resulted in a net credit of \$326,430 for the month of August.

On a year-to-date (October 1, 2020 to August 31, 2021) basis, KPUB recorded net income of \$2,330,457, which is \$395,905 more than budgeted net income of \$1,934,552. Better than budget income is driven by lower than anticipated purchased power costs and other operating expenses that continue lower than budget due primarily to staffing vacancies.

The Power Cost Adjustment (PCA) remained at \$95.00 for August. The over collected power cost balance rose by \$605,049 in August to \$7,787,554. The balance reached this level primarily because a cost estimate for the final power supply bill related to February 2021 has not been recorded due to uncertainty regarding the amount. After discussions with KPUB's audit firm, we have decided to book an estimate for February based on a historical average. This adjustment will be booked in September prior to year-end. Booking the adjustment will bring the over collected balance below \$2 million, meaning that a transfer to the Rate Stabilization Fund will not be needed at this time.

The PCA is expected to remain stable at \$95.00 for the foreseeable future.

Debt service coverage continues to well exceed recommended minimums. The debt service coverage factor for August is 18.30. The coverage factor for the fiscal year is 11.56.

Sincerely,



Jill Cook
Accounting Supervisor



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Retained Earnings
August 31, 2021
(UNAUDITED)

	Comparison to Budget			Comparison to Last Year		
	Current Month	Current Month	Percentage	Current Month	Current Month	Percentage
	Amount	Increase (Decrease)	Increase (Decrease)	Last Year Amount	Increase (Decrease)	Increase (Decrease)
OPERATING REVENUES:						
Residential	\$ 2,268,277	\$ (190,916)	-7.76%	\$ 1,974,193	\$ 294,084	14.90%
Commercial/Industrial	1,722,259	(169,975)	-8.98%	1,314,853	407,405	30.98%
Sales to Public Authorities	21,385	(1,815)	-7.82%	23,506	(2,121)	-9.02%
Other	54,808	9,408	20.72%	29,916	24,892	83.20%
TOTAL OPERATING REVENUES	4,066,728	(353,298)	-7.99%	3,342,469	724,260	21.67%
OPERATING EXPENSES:						
Purchased Power	2,651,324	(126,983)	-4.57%	2,247,943	403,380	17.94%
Distribution	289,573	(8,659)	-2.90%	372,574	(83,001)	-22.28%
Customer Accounting	40,430	(16,570)	-29.07%	57,836	(17,406)	-30.10%
Customer Service & Informational	17,382	(11,518)	-39.85%	43,733	(26,350)	-60.25%
Administrative Expenses	272,109	(88,591)	-24.56%	344,004	(71,895)	-20.90%
Franchise Fees - Ingram	3,082	(118)	-3.68%	3,228	(146)	-4.51%
Depreciation	301,239	2,239	0.75%	282,256	18,983	6.73%
Other	(10,438)	(8,438)	421.89%	(1,881)	(8,556)	454.76%
TOTAL OPERATING EXPENSES	3,564,701	(258,638)	-6.76%	3,349,693	215,009	6.42%
OPERATING INCOME	502,027	(94,660)	-15.86%	(7,224)	509,251	-7049.31%
NONOPERATING REVENUES (EXPENSES) :						
Revenue Fund	4,660	(2,857)	-38.01%	10,106	(5,447)	-53.90%
Interest & Sinking Fund	17	(71)	-81.06%	40	(23)	-58.16%
Interest Income - City of Kerrville	15,000	833	5.88%	15,000	-	0.00%
Interest Expense - Debt	(10,460)	-	0.00%	(11,216)	755	-6.73%
Interest Expense - Customer Deposits	(247)	(247)		-	(247)	
AFUDC - Borrowed Funds	-	(3,100)	-100.00%	5,610	(5,610)	-100.00%
Other - Net	(4,720)	(9,420)	-200.43%	(3,807)	(913)	23.97%
TOTAL NONOPERATING REVENUES (EXPENSES) :	4,249	(14,862)	-77.77%	15,733	(11,484)	-72.99%
NET INCOME	506,276	(109,522)	-17.79%	8,509	497,767	5849.83%
RETAINED EARNINGS AT BEGINNING OF MONTH	\$ 70,828,809			\$ 70,190,010		
Plus: Contributions in Aid of Constr	9,735	735	8.16%	21,013	(11,278)	-53.67%
Less: General Fund Transfer	140,634	7,834	5.90%	135,298	5,336	3.94%
RETAINED EARNINGS AT END OF MONTH	\$ 71,204,185			\$ 70,084,235		
Percent of Net Income to Operating Revenue	12.45%			0.25%		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Retained Earnings
August 31, 2021
(UNAUDITED)

	Comparison to Budget			Comparison to Last Year		
	Year to Date	Year to Date	Percentage	Year to Date	Year to Date	Percentage
	Date	Budget Amount	Increase (Decrease)	Last Year Amount	Increase (Decrease)	Increase (Decrease)
OPERATING REVENUES:						
Residential	\$ 18,471,651	\$ 21,770,734	\$ (3,299,082)	\$ 22,122,294	\$ (3,650,643)	-16.50%
Commercial/Industrial	13,653,664	17,011,119	(3,357,455)	15,818,997	(2,165,333)	-13.69%
Sales to Public Authorities	231,500	255,200	(23,700)	255,314	(23,814)	-9.33%
Other	707,816	584,250	123,566	254,420	453,396	178.21%
TOTAL OPERATING REVENUES	33,064,631	39,621,303	(6,556,672)	38,451,026	(5,386,395)	-14.01%
OPERATING EXPENSES:						
Purchased Power	20,305,361	26,571,149	(6,265,788)	25,239,603	(4,934,242)	-19.55%
Distribution	2,762,549	3,223,566	(461,018)	2,963,013	(200,464)	-6.77%
Customer Accounting	513,358	617,000	(103,642)	584,467	(71,109)	-12.17%
Customer Service & Informational	252,160	311,600	(59,440)	217,360	34,800	16.01%
Administrative Expenses	3,730,183	3,904,400	(174,217)	3,515,201	214,982	6.12%
Franchise Fees - Ingram	28,169	29,000	(831)	27,124	1,044	3.85%
Depreciation	3,238,923	3,261,500	(22,577)	3,149,741	89,181	2.83%
Other	(23,740)	(22,000)	(1,740)	(16,093)	(7,647)	47.52%
TOTAL OPERATING EXPENSES	30,806,962	37,896,215	(7,089,253)	35,680,415	(4,873,453)	-13.66%
OPERATING INCOME	2,257,669	1,725,087	532,581	2,770,610	(512,941)	-18.51%
NONOPERATING REVENUES (EXPENSES):						
Revenue Fund	65,286	82,687	(17,401)	272,563	(207,277)	-76.05%
Interest & Sinking Fund	87	963	(876)	1,802	(1,715)	-95.19%
Interest Income - City of Kerrville	175,000	155,833	19,167	165,000	10,000	6.06%
Interest Expense - Debt	(115,819)	(115,819)	-	(124,015)	8,196	-6.61%
Interest Expense - Customer Deposits	(4,868)	-	(4,868)	-	(4,868)	-
AFUDC - Borrowed Funds	-	34,100	(34,100)	38,264	(38,264)	-100.00%
Other - Net	(46,898)	51,700	(98,598)	(9,321)	(37,577)	403.16%
TOTAL NONOPERATING REVENUES (EXPENSES):	72,789	209,465	(136,676)	344,294	(271,505)	-78.86%
NET INCOME	\$ 2,330,457	\$ 1,934,552	\$ 395,905	\$ 3,114,904	\$ (784,447)	-25.18%
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 69,843,094			\$ 67,899,782		
Plus: Contributions in Aid of Constr	198,614	99,000	99,614	254,306	(55,691)	-21.90%
Less: General Fund Transfer	1,167,981	1,190,300	(22,319)	1,184,756	(16,776)	-1.42%
RETAINED EARNINGS AT END OF MONTH	\$ 71,204,185			\$ 70,084,235		
Percent of Net Income to Operating Revenue	7.05%			8.10%		



Kerrville Public Utility Board
Balance Sheet
As of August 31, 2021

	August 31, 2021 (Unaudited)	September 30, 2020	August 31, 2021 (Unaudited)	September 30, 2020
Assets				
Utility Plant:				
Electric Plant in Service	\$ 89,278,856	\$ 84,757,081	\$ 71,204,185	\$ 69,843,094
Less: Accumulated Depreciation	(43,790,807)	(41,511,651)		
	45,488,049	43,245,430	71,204,185	69,843,094
Construction Work in Progress	2,508,842	4,386,814		
Net Utility Plant	47,996,891	47,632,243		
Restricted Assets:				
Cash and Cash Equivalents:				
Customer Deposits	497,831	523,276		
Total Cash and Cash Equivalents	497,831	523,276		
Investments:				
2013 Bond Construction Fund	-	-		
Interest and Sinking Fund	384,341	423,697		
Emergency, Repair, Replace, Conting Fund	3,553,044	3,534,535		
L.T. Rate Stabilization Fund:	903,923	723,583		
Total Investments	4,841,308	4,681,816		
Total Restricted Assets	5,339,139	5,205,092		
Current Assets:				
Revenue Fund:				
Cash and Cash Equivalents	336,991	591,035		
Investments	19,503,458	11,008,452		
Less: Customer Deposits	(497,831)	(523,276)		
Total Revenue Fund	19,342,618	11,076,210		
Construction Fund:				
Cash and Cash Equivalents	5,080	5,068		
Investments	1,442,066	1,658,519		
Total Construction Fund	1,447,146	1,663,587		
Rate Stabilization Fund:				
Cash and Cash Equivalents	-	-		
Investments	1,897,755	1,896,918		
Total Rate Stabilization Fund	1,897,755	1,896,918		
ERCOT CRR Auction Funds	611,089	279,826		
Customer Accounts Receivable, Net of Allowances	4,364,587	3,721,152		
Materials and Supplies	939,350	1,011,261		
Other	946,376	912,521		
Total Current Assets	29,548,920	20,561,476		
Deferred Debits:				
Deferred Outflow of Resources	1,972,450	1,972,450		
Advance to City of Kerrville-2016	7,500,000	7,500,000		
Advance to City of Kerrville-2020	-	1,000,000		
Total Deferred Debits	9,472,450	10,472,450		
Total Assets and Deferred Outflows	\$ 92,357,399	\$ 83,871,261		
Liabilities and Equity				
Equity:				
Retained Earnings - Unreserved				
Total Equity				
Liabilities:				
Long-Term Debt:				
2013 Revenue Bonds				
Net of Current Portion	3,269,000	3,680,000		
Plus: Unamortized Premium	-	-		
Less: Unamortized Refunding Charge	-	-		
Total Long-Term Debt	3,269,000	3,680,000		
Pension Liability	1,445,475	1,445,475		
Total Long-Term Debt and Pension	4,714,475	5,125,475		
Current Liabilities Payable from Restricted Assets:				
Current Portion of 2013 Revenue Bonds	411,000	401,000		
Accrued Interest Payable	41,841	56,078		
Customer Deposits	497,831	523,276		
Interest on Customer Deposits	13,435	11,564		
Total Current Liab - Restricted	964,107	991,918		
Current Liabilities:				
Accounts Payable - Power Suppliers	4,326,047	2,165,917		
Accounts Payable and Accrued Liab's	820,214	1,220,722		
Over Collection of Power Cost Adj Revs	7,787,554	1,983,318		
Total Current Liabilities	12,933,816	5,369,957		
Total Liabilities	18,612,398	11,487,350		
Deferred Credits:				
Deferred Inflows of Resources - Pension	2,540,816			
Total Equity, Liabilities and Deferred Inflows	\$ 92,357,399	\$ 83,871,261		



Kerrville Public Utility Board
Fund Balance Detail
For the Month Ended August 31, 2021

Restricted

Date	Revenue Fund	Construction Fund	Stabilization Fund	Rate Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Contingency Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Beginning Fund Balance	\$ 29,038,531	\$ 1,441,996	\$ 1,897,663	\$ 813,879	\$ -	\$ -	\$ 339,631	\$ 3,551,973	\$ 37,083,673	
Withdrawals:										
08/12/21	(66,346)									(66,346)
08/30/21	(562,810)									(562,810)
08/11/21	(10,416,239)									(10,416,239)
08/23/21	(1,588,562)									(1,588,562)
08/18/21	(485,088)									(485,088)
08/25/21	(32,393)									(32,393)
08/19/21	(61,566)									(61,566)
08/25/21	(118,467)									(118,467)
08/23/21	(6,345)									(6,345)
08/27/21	(265,850)									(265,850)
Investments:										
08/02/21	500,000									500,000
08/06/21	300,000									300,000
08/09/21	500,000									500,000
08/14/21	500,000									500,000
08/17/21	400,000									400,000
08/24/21	900,000									900,000
08/27/21	500,000									500,000
08/31/21	600,000									600,000
Fund Balance after Withdrawals & Investments	19,634,864	1,441,996	1,897,663	813,879	-	-	339,631	3,551,973	27,680,006	
Allocation of:										
Interest Income	1,110	70	92	44	-	-	17	172	1,504	
Interest Receivable (accrued on CD)	2,178							899	3,076	
Interest Receivable (received on CD)										
Total Interest Allocation	3,288	70	92	44	-	-	17	1,070	4,580	
Fund Balance After Allocations	19,638,151	1,442,066	1,897,755	813,923	-	-	339,648	3,553,044	27,684,587	
Interfund Transfers:										
Debt Service	(44,694)							44,694	-	
City of Kerrville Interest Payment	(90,000)								-	
Ending Fund Balance	\$ 19,503,458	\$ 1,442,066	\$ 1,897,755	\$ 903,923	\$ -	\$ -	\$ 384,341	\$ 3,553,044	\$ 27,684,587	



Kerrville Public Utility Board
 Computation of the Monthly and Year to Date Debt Service Coverage
 For the Month Ended August 31, 2021

Description	Current Month	Fiscal Year	Previous 12 Months
Net Income	\$ 506,276	\$ 2,330,457	\$ 2,154,339
Plus:			
Interest Expense (net of amortization)	10,460	115,819	127,035
Depreciation Expense	301,239	3,238,923	3,521,368
Numerator	<u>817,975</u>	<u>5,685,199</u>	<u>5,802,741</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	10,460	115,819	127,035
Principal Payment Due	34,250	375,917	409,333
Denominator	<u>\$ 44,710</u>	<u>\$ 491,736</u>	<u>\$ 536,368</u>
Debt Service Coverage Ratio	<u>18.30</u>	<u>11.56</u>	<u>10.82</u>

Minimum Requirement per Bond Covenant 1.35 times Debt Service
 Minimum Requirement Established by KPUB Board 1.65 times Debt Service
 for Good Business Practices

MEMORANDUM

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

From: Mike Wittler

Date: September 16, 2021

Re: Agenda Item No. 14 - FY2022 Annual Budget

Management hereby submits the following FY2022 Annual Budget for approval. No changes have been made to revenue or expense since the Budget Workshop on August 25, 2021.

A change has been made to the projected Over/(Under) Recovery balance. The budget workshop projected a beginning balance of \$8 million and a transfer in FY2021 to the Rate Stabilization Fund of \$8 million. However, after discussions with our auditors, KPUB will record an estimated purchased power expense for February 2021 prior to the FY2021 year end. This accounting treatment will result in the Over/(Under) Recovery balance being reduced to an estimated \$1.6 million at the end of FY2021 and no transfer to the Rate Stabilization Fund in FY2021.

Overall invested funds will not change, but the Revenue Fund in the attached budget package shows a beginning balance that is \$8 million higher and the Rate Stabilization Fund shows a beginning balance that is \$8 million lower than what was presented in the Budget Workshop.

Budget highlights include:

- \$45.4 million in operating revenues, up 4.4% from the FY2021 Budget
- \$30.5 million for purchased power expense, up 5.3% from the FY2021 Budget
- \$44.0 million in operating expenses, up 4.9% from the FY2021 Budget
- \$1.6 million in net income, down from \$1.9 million in the FY2021 Budget

Note that the budget being adopted covers the period from October 1, 2021 to September 30, 2022. Five year projections are presented for information and discussion purposes only.

Sincerely,



Mike Wittler
General Manager and CEO

2022 - 2026 Proposed Budget and Forecast

(For Approval at the September 22, 2021 Budget Meeting)

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
1 Year	1 year Budget - Statement of Revenues, Expenses and Changes in Retained Earnings	2
5 Year	5 year Budget - Statement of Revenues, Expenses and Changes in Retained Earnings	3
Capital	Capital Budget	4
A-1	Operating Revenue Budget	5
A-2	Estimated Kilowatthour Sales	6
B	Purchased Power	7
C-1	Operation and Maintenance Expenses by Month	8
C-2	Operation and Maintenance Expenses by Department	10
D	Revenue Bond Debt Schedule by Year	12
E	Debt Service Coverage by Year	13
AA-1	Operating Revenue by Year	14
AA-2	Estimated Kilowatthour Sales by Year	15
BB	Purchased Power by Year	16
CC	Operation and Maintenance Expenses by Year	17
F	Cash Flow Forecast	19
G	Loan Amortization Schedule	24
Appendix	Organization Charts	

Note: The Budget presented for approval covers one year only, Fiscal Year 2022 (FY2022). Additional years included in this document are forecast for informational purposes only. Budget projections include a 2.0% rate increase in FY2024 and FY2026.

2022 BUDGET

Statement of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Budget Month as Follows:

Supp. Sch.	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
OPERATING REVENUES:													
Residential	\$1,752,167	\$1,699,902	\$2,198,045	\$2,535,117	\$2,329,589	\$1,992,774	\$1,687,512	\$1,787,404	\$2,092,210	\$2,439,722	\$2,613,765	\$2,324,153	\$25,452,360
Commercial/Industrial	1,475,083	1,509,400	1,698,189	1,511,965	1,285,302	1,260,937	1,365,599	1,592,131	1,789,261	1,868,877	1,916,795	1,694,081	18,967,620
Sales to Public Authorities	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	252,000
Other	55,500	55,400	58,700	94,400	142,400	80,700	39,700	41,300	48,500	50,600	51,600	49,500	768,300
TOTAL OPERATING REVENUES	3,303,751	3,285,701	3,975,934	4,162,482	3,778,291	3,355,411	3,113,811	3,441,835	3,950,971	4,380,199	4,603,160	4,088,735	45,440,281
OPERATING EXPENSES:													
Purchased Power	2,260,749	2,274,846	2,603,210	2,788,965	2,576,217	2,295,189	2,277,368	2,345,215	2,725,062	2,815,998	2,985,911	2,576,454	30,525,183
Distribution	298,207	299,009	299,910	301,112	302,064	303,066	304,287	305,569	306,771	307,773	308,875	309,977	3,646,600
C-1, C-2 & C-3	47,000	47,000	47,300	47,400	47,700	47,800	48,100	48,200	48,200	48,400	48,600	48,800	574,400
Customer Accounts	36,400	36,500	36,800	36,800	37,100	37,200	37,300	37,500	37,500	37,600	37,800	38,000	446,600
Customer Service & Info.	370,400	371,900	373,300	374,700	376,100	377,600	379,000	380,400	381,900	383,300	384,800	386,300	5,084,600
Administrative Expenses	2,500	2,400	3,000	3,100	2,800	2,500	2,300	2,600	2,900	3,300	3,400	3,000	33,800
Franchise Fees	304,000	304,500	305,000	305,500	306,000	306,500	307,000	307,500	308,000	308,500	309,000	309,500	3,681,000
Depreciation	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(15,600)
Other	3,317,956	3,335,155	3,667,220	3,856,277	3,646,681	3,368,555	3,353,835	3,425,584	3,809,033	3,903,571	4,076,286	4,216,431	43,976,563
TOTAL OPERATING EXPENSES	(14,206)	(49,454)	308,714	306,205	131,611	(13,144)	(240,024)	16,251	141,938	476,628	526,874	(127,696)	1,463,698
OPERATING INCOME													
Revenue Fund	5,375	5,375	5,375	5,375	5,375	5,375	5,375	5,375	5,375	5,375	5,375	5,375	64,500
Interest & Sinking Fund	46	46	46	46	46	46	46	46	46	46	46	46	550
Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income-City of Kerrville	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
Interest Expense	(10,460)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(9,594)	(115,992)
AFUDC - Borrowed Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Other - Net	130	130	130	130	130	130	130	130	130	130	130	130	1,560
TOTAL NON-OPERATING REVENUES (EXPENSE):	10,091	10,957	10,957	10,957	10,957	10,957	10,957	10,957	10,957	10,957	10,957	10,957	130,618
NET INCOME	(4,115)	(38,496)	319,671	317,162	142,568	(2,187)	(229,067)	27,208	152,895	487,585	537,831	(116,739)	1,594,316
RETAINED EARNINGS AT BEG. OF PERIOD													
Less: General Fund Transfer - Regular	71,000,000	70,843,085	70,714,888	70,924,159	71,125,321	71,163,389	71,069,402	70,755,735	70,688,543	70,731,739	71,096,723	71,505,254	71,000,000
Kerrville Economic Development Corp	99,300	98,700	119,400	125,000	113,500	100,800	93,600	103,400	118,700	131,600	138,300	122,800	1,365,100
Plus: Contributions in Aid of Construction	62,500	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	62,500
RETAINED EARNINGS AT END OF PERIOD	\$70,843,085	\$70,714,888	\$70,924,159	\$71,125,321	\$71,163,389	\$71,069,402	\$70,755,735	\$70,688,543	\$70,731,739	\$71,096,723	\$71,505,254	\$71,274,716	\$71,274,716
DEBT SERVICE COVERAGE													
Over/(Under) Recovery	6.49	5.87	13.50	13.46	9.75	6.68	1.86	7.33	10.02	17.15	18.24	4.31	10.23
Over/(Under) Recovery Balance	\$ 23,500	\$ 13,100	\$ 236,400	\$ 148,100	\$ 2,200	\$ (2,800)	\$ (119,500)	\$ 87,300	\$ 114,900	\$ 352,600	\$ 361,300	\$ 346,700	\$ 1,563,800
Over/(Under) Recovery Balance	\$ 1,623,500	\$ 1,636,600	\$ 1,873,000	\$ 2,021,100	\$ 2,023,300	\$ 2,020,500	\$ 1,901,000	\$ 1,988,300	\$ 2,103,200	\$ 2,456,600	\$ 2,817,100	\$ 3,163,800	\$ -

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Year as Follows:

5
YEAR
FORECAST

	Supp. Sch.	2022	2023	2024	2025	2026
OPERATING REVENUES:						
Residential	AA-1	\$25,452,360	\$25,921,304	\$27,273,197	\$28,146,901	\$29,618,011
Commercial/Industrial	AA-1	18,967,620	19,269,018	20,026,660	20,417,881	21,223,039
Sales to Public Authorities		252,000	254,520	257,065	259,636	262,232
Other	AA-1	768,300	769,800	771,500	772,900	774,600
TOTAL OPERATING REVENUES		45,440,281	46,214,642	48,328,422	49,597,318	51,877,881
OPERATING EXPENSES:						
Purchased Power	BB	30,525,183	31,040,528	32,146,860	33,305,443	34,500,125
Distribution	CC	3,646,600	3,839,500	3,916,300	3,994,500	4,074,200
Customer Accounts	CC	574,400	585,800	597,400	609,400	621,600
Customer Service & Informational	CC	446,600	480,500	490,200	500,000	509,900
Administrative & General Expenses	CC	5,084,600	5,186,200	5,289,900	5,395,400	5,503,500
Franchise Fees		33,800	34,600	35,500	36,400	37,300
Depreciation		3,681,000	3,714,000	3,747,000	3,780,000	3,813,000
Other		(15,600)	(15,600)	(15,600)	(15,600)	(15,600)
TOTAL OPERATING EXPENSES		43,976,583	44,865,528	46,207,560	47,605,543	49,044,025
OPERATING INCOME		1,463,698	1,349,114	2,120,863	1,991,775	2,833,857
NON-OPERATING REVENUES (EXPENSES):						
Revenue Fund	F	64,500	123,500	121,800	233,500	231,200
Interest & Sinking Fund	F	550	1,050	1,050	2,150	2,150
Reserve Fund	F	0	0	0	0	0
Interest Income-City of Kerrville	G	180,000	169,285	143,571	117,857	75,000
Interest Expense	D	(115,992)	(104,256)	(91,014)	(76,389)	(60,274)
AFUDC - Borrowed Funds		0	0	0	0	0
Other - Net		1,560	1,560	1,560	1,560	1,560
TOTAL NON-OPERATING REVENUES (EXPENSES):		130,618	191,140	176,967	278,678	249,636
NET INCOME		1,594,316	1,540,254	2,297,830	2,270,453	3,083,492
RETAINED EARNINGS AT BEGINNING OF PERIOD		71,000,000	71,274,716	71,470,270	72,360,099	73,181,052
Less: General Fund Transfer - Regular		1,365,100	1,390,200	1,453,500	1,495,000	1,563,300
Kerrville Economic Development Corp		62,500	62,500	62,500	62,500	62,500
Plus: Contributions in Aid of Construction		108,000	108,000	108,000	108,000	108,000
RETAINED EARNINGS AT END OF PERIOD		\$71,274,716	\$71,470,270	\$72,360,099	\$73,181,052	\$74,638,745
DEBT SERVICE COVERAGE	E	10.23	10.18	11.68	11.68	13.27

**Kerrville Public Utility Board
Capital Budget**

For the Fiscal Year as Follows:

	FY2022	FY2023		FY2022	FY2023
I. METERS:					
Existing AMR Systems	75,000	115,000			
TOTAL METERS	\$ 75,000	\$ 115,000			
II. LINE CONSTRUCTION:					
Ordinary Replacements	107,690	110,382			
Customer Extensions	1,006,501	1,030,844			
System Improvements	1,270,650	1,205,450			
Pole Inspection Replacements	630,500	517,000			
Power Factor Improvement/Control Replacement	-	-			
Contingency Development	100,000	102,500			
Padmount Refurbish & Replacements	238,100	238,920			
Misc. Improvement Projects	-	-			
Reliability Improvement	-	-			
Street lights	60,440	15,840			
TOTAL LINE CONSTRUCTION	\$ 3,413,881	\$ 3,220,936			
III. HEAVY EQUIPMENT & VEHICLES:					
Bucket/Derrick Truck	410,000	445,000			
Small Vehicles	120,000	30,000			
TOTAL HEAVY EQUIPMENT & VEHICLES	\$ 530,000	\$ 475,000			
IV. GENERAL PLANT/OTHER:					
Normal IT	65,000	65,000			
Major IT	435,000	535,000			
Fiber Optic Communications	60,000	60,000			
Office Furniture	38,151	39,105			
Facilities Improvements	100,000	-			
Misc. Building Improvement	465,000	105,000			
Energy Efficiency	41,000	42,025			
Capital Tools	40,000	41,000			
TOTAL GENERAL PLANT/OTHER	\$ 1,244,151	\$ 887,130			
V. SUBSTATIONS:					
Minor Improvements	240,000	240,000			
DA Equipment Deployment	50,000	25,000			
SCADA Upgrades	50,000	50,000			
TOTAL SUBSTATIONS	\$ 340,000	\$ 315,000			
TOTAL CAPITAL BUDGET	\$ 5,603,032	\$ 5,013,066			
FY 2024	\$ 5,788,536				
FY 2025	\$ 6,948,911				
FY 2026	\$ 4,919,912				

SCHEDULE A-1

Kerrville Public Utility Board
Total Operating Revenue Budget
For the Fiscal Budget Month as Follows:

Description	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
Residential	\$1,744,667	\$1,692,402	\$2,190,545	\$2,527,617	\$2,322,089	\$1,985,274	\$1,680,012	\$1,779,904	\$2,084,710	\$2,432,222	\$2,606,265	\$2,316,653	25,362,360
Security Lighting	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	90,000
Total Residential	1,752,167	1,699,902	2,198,045	2,535,117	2,329,589	1,992,774	1,687,512	1,787,404	2,092,210	2,439,722	2,613,765	2,324,153	25,452,360
Commercial:													
CS	\$1,162,037	\$1,162,317	\$1,326,619	\$1,186,502	\$1,000,026	\$978,921	\$1,035,806	\$1,223,452	\$1,392,632	\$1,485,026	\$1,525,141	\$1,346,206	14,824,685
CS - Sec Lts	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200	146,400
Total CS	1,174,237	1,174,517	1,338,819	1,198,702	1,012,226	991,121	1,048,006	1,235,652	1,404,832	1,497,226	1,537,341	1,358,406	14,971,085
LGS - Primary	\$45,858	\$52,550	\$54,447	\$49,625	\$43,655	\$43,923	\$49,757	\$55,573	\$60,639	\$60,112	\$62,819	\$55,629	634,588
LGS - Secondary	\$254,988	\$282,333	\$304,922	\$263,638	\$229,422	\$225,893	\$267,836	\$300,906	\$323,789	\$311,539	\$316,635	\$280,046	3,361,948
Total LGS	300,846	334,882	359,369	313,263	273,077	269,816	317,594	356,479	384,429	371,651	379,454	335,675	3,996,536
Total Commercial	1,475,083	1,509,400	1,698,189	1,511,965	1,285,302	1,260,937	1,365,599	1,592,131	1,789,261	1,868,877	1,916,795	1,694,081	18,967,620
Street Lighting	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	252,000
Other:													
450-Late Penalties	15,400	15,300	18,600	19,300	17,300	15,600	14,600	16,200	18,500	20,600	21,600	19,200	212,200
451 thru 452.29-													
Cust. Serv. Chg.	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000
454.21 thru 454.29-													
Pole Contact Rents	25,000	25,000	25,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	190,000
Lease Revenue													
456.01 thru 456.19-	600	600	600	600	600	600	600	600	5,500	5,500	5,500	5,800	27,100
Other Elec. Revenue	500	500	500	500	500	500	500	500	500	500	500	500	6,000
456.15-Scrap Sales													
Total Other	55,500	55,400	56,700	94,400	142,400	80,700	39,700	41,300	48,500	50,600	51,600	49,500	768,300
Total Revenues	\$3,303,751	\$3,285,701	\$3,975,934	\$4,162,482	\$3,778,291	\$3,355,411	\$3,113,811	\$3,441,835	\$3,950,971	\$4,380,199	\$4,603,160	\$4,088,735	\$45,440,281

SCHEDULE A-2

Kerrville Public Utility Board
 Schedule of Estimated Kilowatt-hour Sales for the Different Rate Classes
 For the Fiscal Budget Month as Follows:

Description	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
Residential	18,558,100	17,928,300	23,930,900	27,992,600	25,516,000	21,457,400	17,779,000	18,982,700	22,655,600	26,843,100	28,940,300	25,450,500	276,034,500
Security Lighting	23,300	24,300	25,400	24,000	22,600	23,200	23,700	25,100	25,900	24,600	25,700	23,800	291,600
Total Residential	18,581,400	17,952,600	23,956,300	28,016,600	25,538,600	21,480,600	17,802,700	19,007,800	22,681,500	26,867,700	28,966,000	25,474,300	276,326,100
Commercial:													
CS	12,106,200	12,109,500	14,046,400	12,394,600	10,196,300	9,947,500	10,618,100	12,830,200	14,824,600	15,913,800	16,386,700	14,277,300	155,651,200
CS - Sec Lts	39,400	39,300	40,000	38,900	38,200	38,900	39,400	40,800	41,500	40,700	39,700	38,900	475,700
Total CS	12,145,600	12,148,800	14,086,400	12,433,500	10,234,500	9,986,400	10,657,500	12,871,000	14,866,100	15,954,500	16,426,400	14,316,200	156,126,900
LGS - Primary	546,100	688,200	728,500	626,100	499,300	505,000	628,900	752,400	860,000	848,800	906,300	753,600	8,343,200
LGS - Secondary	3,595,600	4,134,900	4,580,400	3,766,200	3,091,400	3,021,800	3,849,000	4,501,200	4,952,500	4,710,900	4,811,400	4,089,800	49,105,100
Total LGS	4,141,700	4,823,100	5,308,900	4,392,300	3,590,700	3,526,800	4,477,900	5,253,600	5,812,500	5,559,700	5,717,700	4,843,400	57,448,300
Total Commercial	16,287,300	16,971,900	19,395,300	16,825,800	13,825,200	13,513,200	15,135,400	18,124,600	20,678,600	21,514,200	22,144,100	19,159,600	213,575,200
Street Lighting	31,200	32,400	33,800	33,100	31,300	31,500	31,400	32,900	32,000	31,100	30,700	29,600	381,000
Total Kwh Sales	34,899,900	34,956,900	43,385,400	44,875,500	39,395,100	35,025,300	32,969,500	37,165,300	43,392,100	48,413,000	51,140,800	44,663,500	490,282,300

SCHEDULE B

Kerrville Public Utility Board
Purchased Power Budget
For the Fiscal Budget Month as Follows:

Description	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
TRANSMISSION SERVICES:													
<u>Units:</u>													
Metering Points	14	14	14	14	14	14	14	14	14	14	14	14	168
Transformation -KW	18,760	18,760	18,760	18,760	18,760	18,760	18,760	18,760	18,760	18,760	18,760	18,760	225,120
Transmission - KW	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,700	107,745	1,292,445
<u>Rate:</u>													
Metering Point	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00
Transformation	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.869010	\$0.870000
Transmission	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550205	\$5.550000
<u>Amount:</u>													
Metering Point	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$76,944
Transformation	16,303	16,303	16,303	16,303	16,303	16,303	16,303	16,303	16,303	16,303	16,303	16,303	195,636
Transmission	597,800	597,800	597,800	597,800	597,800	597,800	597,800	597,800	597,800	597,800	597,800	598,000	7,173,800
TOTAL TRANSMISSION SERVICES - - - - ->	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,515	\$620,715	\$7,446,380
GENERATION SERVICES:													
<u>Units:</u>													
Energy Charge	37,461,235	36,915,165	44,598,015	48,120,081	42,988,507	35,370,890	36,053,565	39,563,035	50,096,811	52,144,700	55,771,328	47,740,061	526,823,394
Fuel Charge Primary	37,461,235	36,915,165	44,598,015	48,120,081	42,988,507	35,370,890	36,053,565	39,563,035	50,096,811	52,144,700	55,771,328	47,740,061	526,823,394
<u>Rate:</u>													
Energy Charge	\$0.043075	\$0.044102	\$0.043771	\$0.044386	\$0.044802	\$0.046626	\$0.045237	\$0.042891	\$0.041339	\$0.041436	\$0.041753	\$0.040289	\$0.043119
Fuel Charge Primary	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>Amount:</u>													
Energy Charge	\$1,613,600	\$1,628,000	\$1,952,100	\$2,135,900	\$1,926,000	\$1,649,200	\$1,631,000	\$1,696,900	\$2,070,900	\$2,160,700	\$2,328,600	\$1,923,400	\$22,716,300
Fuel Charge Primary	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GENERATION SERVICES - - - - ->	\$1,613,600	\$1,628,000	\$1,952,100	\$2,135,900	\$1,926,000	\$1,649,200	\$1,631,000	\$1,696,900	\$2,070,900	\$2,160,700	\$2,328,600	\$1,923,400	\$22,716,300
ERCOT	\$20,791	\$20,488	\$24,752	\$26,707	\$23,859	\$19,631	\$20,010	\$21,957	\$27,804	\$28,940	\$30,953	\$26,496	\$292,387
Other	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$5,843	\$70,116
Total Purchased Power	\$2,260,749	\$2,274,846	\$2,603,210	\$2,768,965	\$2,576,217	\$2,295,189	\$2,277,368	\$2,345,215	\$2,725,062	\$2,815,998	\$2,985,911	\$2,576,454	\$30,525,183
Cost Per kWh purch	\$0.0603	\$0.0616	\$0.0584	\$0.0580	\$0.0599	\$0.0649	\$0.0632	\$0.0593	\$0.0544	\$0.0540	\$0.0535	\$0.0540	\$0.0579

SCHEDULE C-1

Page 1 of 2

Kerrville Public Utility Board
 Operation and Maintenance Expenses
 For the Fiscal Budget Months as Follows:

Supp. Sch.	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
DISTRIBUTION EXPENSES:													
Operation:													
C-2	\$100	\$100	\$100	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,600
C-2	800	800	800	800	800	800	800	800	900	900	900	\$900	10,000
C-2	4,300	4,300	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,500	4,500	4,500	52,900
C-2	0	0	0	0	0	0	100	100	100	100	100	100	600
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
C-2	300	300	300	300	300	300	400	400	400	400	400	400	4,200
C-2	16,500	16,600	16,600	16,700	16,700	16,800	16,800	16,900	17,000	17,000	17,100	17,100	201,800
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
C-2	56,400	56,600	56,700	56,900	57,100	57,300	57,500	57,700	57,900	58,100	58,400	58,600	689,200
C-2	1,200	1,200	1,200	1,200	1,200	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,000
	79,600	79,900	80,100	80,400	80,650	80,950	81,450	81,750	82,150	82,450	82,850	83,050	975,300
Maintenance:													
C-2	9,800	9,800	9,800	9,900	9,900	9,900	10,000	10,000	10,100	10,100	10,100	10,200	119,600
C-2	400	400	400	400	400	400	400	400	400	400	400	500	4,900
C-2	34,400	34,500	34,600	34,700	34,800	34,900	35,000	35,200	35,300	35,400	35,500	35,700	420,000
C-2	160,200	160,700	161,300	161,800	162,400	163,000	163,500	164,100	164,600	165,200	165,800	166,400	1,959,000
C-2	5,300	5,300	5,300	5,400	5,400	5,400	5,400	5,400	5,500	5,500	5,500	5,500	64,900
C-2	507	509	510	512	514	516	517	519	521	523	525	527	6,200
C-2	100	0	0	0	0	0	0	0	0	0	0	0	100
C-2	7,500	7,500	7,500	7,600	7,600	7,600	7,600	7,700	7,700	7,700	7,700	7,700	91,400
C-2	400	400	400	400	400	400	400	500	500	500	500	400	5,200
	218,607	219,109	219,810	220,712	221,414	222,116	222,817	223,819	224,621	225,323	226,025	226,927	2,671,300
Total Distribution Expenses 298,207 299,009 299,910 301,112 302,064 303,066 304,267 305,569 306,771 307,773 308,875 309,977 3,646,600													
CUSTOMER ACCOUNTS EXPENSES:													
C-2	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,300	26,500
C-2	500	500	500	500	500	500	500	500	500	500	500	500	6,000
C-2	39,300	39,500	39,600	39,700	39,900	40,000	40,100	40,300	40,400	40,600	40,700	40,800	480,900
C-2	5,000	5,000	5,000	5,000	5,100	5,100	5,100	5,100	5,100	5,100	5,200	5,200	61,000
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
	47,000	47,200	47,300	47,400	47,700	47,800	47,900	48,100	48,200	48,400	48,600	48,800	574,400

SCHEDULE C-1

Page 2 of 2

Kerrville Public Utility Board
Operation and Maintenance Expenses
For the Fiscal Budget Months as Follows:

Supp. Sch.	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	Total 2022
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES:													
C-2	3,400	\$3,400	\$3,500	3,500	\$3,500	\$3,500	\$3,500	3,500	\$3,500	\$3,500	\$3,500	\$3,600	\$41,900
C-2	22,400	22,500	22,600	22,600	22,700	22,800	22,900	23,000	23,000	23,100	23,200	23,300	274,100
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
C-2	1,600	1,600	1,600	1,600	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	20,000
C-2	9,000	9,100	9,100	9,100	9,200	9,200	9,200	9,300	9,300	9,300	9,400	9,400	110,600
Total Customer Service and Informational expenses													
	36,400	36,600	36,800	36,800	37,100	37,200	37,300	37,500	37,500	37,600	37,800	38,000	446,600
ADMINISTRATIVE AND GENERAL EXPENSES:													
Operation:													
C-2	102,800	103,100	103,500	103,800	104,200	104,500	104,900	105,200	105,600	106,000	106,300	106,600	1,256,500
C-2	53,100	53,300	53,500	53,700	53,900	54,000	54,200	54,400	54,600	54,800	55,000	55,300	649,700
C-2	48,400	48,600	48,700	48,900	49,100	49,200	49,400	49,600	49,800	49,900	50,100	50,300	592,000
C-2	4,100	4,200	4,100	4,100	4,100	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,000
C-2	6,100	6,100	6,100	6,100	6,200	6,200	6,200	6,200	6,200	6,200	6,300	6,300	74,200
C-2	181,500	182,200	182,800	183,400	184,000	184,700	185,300	185,900	186,600	187,200	187,800	188,600	2,220,000
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
C-2	7,600	7,600	7,700	7,700	7,700	7,700	7,800	7,800	7,800	7,800	7,900	7,900	93,000
C-2	3,200	3,200	3,200	3,200	3,200	3,300	3,200	3,300	3,300	3,300	3,300	3,400	39,100
C-2	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
C-2	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operation													
	407,800	409,300	410,600	411,900	413,400	414,800	416,200	417,600	419,100	420,400	421,900	423,600	4,986,500
Maintenance:													
C-2	8,000	8,000	8,100	8,200	8,100	8,200	8,200	8,200	8,200	8,300	8,100	8,400	98,000
Total Maintenance													
	8,000	8,000	8,100	8,200	8,100	8,200	8,200	8,200	8,200	8,300	8,100	8,400	98,000
Total Administrative and General Expenses													
	415,800	417,300	418,700	420,100	421,500	423,000	424,400	425,800	427,300	428,700	430,000	432,000	5,084,500
Total Operation and Maintenance Expenses													
	\$797,407	\$800,109	\$802,710	\$805,412	\$808,364	\$811,066	\$813,867	\$816,969	\$819,771	\$822,473	\$825,275	\$828,777	\$9,752,100

Kerrville Public Utility Board

SCHEDULE C-2

Page 1 of 2

Operation and Maintenance Expenses
Estimated for the FY2022 Budget

Supp. Sch.	Department 1		Department 2		Department 4		Department 5		Department 6		Department 7		Department 0		Total 2022
	M. Wittler	A. Dozier	A. Bueche	M. Wittler	A. Bueche	M. Wittler	R. McCutcheon	P. Martinez	System Exp	System Exp	System Exp	System Exp	System Exp	System Exp	
DISTRIBUTION EXPENSES:															
Operation:															
C-3	\$0	\$0	\$0	\$1,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,600
Acct. 580 - Oper. super. & engineering	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	10,000
Acct. 581 - System dispatch	0	0	0	47,900	0	0	0	0	0	0	0	0	0	0	52,900
Acct. 582 - Station expenses	0	0	0	600	0	0	0	0	0	0	0	0	0	0	600
Acct. 583 - Overhead line expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acct. 584 - Underground line expenses	0	0	0	4,200	0	0	0	0	0	0	0	0	0	0	4,200
Acct. 585 - Str. lgt. & signal systems	0	0	0	201,800	0	0	0	0	0	0	0	0	0	0	201,800
Acct. 586 - Meter expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acct. 587 - Customer installations exps	0	0	10,000	330,900	0	0	15,000	333,300	0	0	0	0	0	0	689,200
Acct. 588 - Miscellaneous distribution	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acct. 589 - Rents	0	0	10,000	597,000	15,000	338,300	15,000	338,300	0	0	0	0	0	0	15,000
Total Operation	0	0	10,000	597,000	15,000	338,300	15,000	338,300	0	0	0	0	0	0	975,300
Maintenance:															
C-3	0	0	0	0	0	0	0	119,600	0	0	0	0	0	0	119,600
Acct. 590 - Maint. super. & engineering	0	0	0	0	0	0	0	4,900	0	0	0	0	0	0	4,900
Acct. 591 - Maintenance of structures	0	0	0	0	0	0	0	371,000	0	0	0	0	0	0	420,000
Acct. 592 - Maint. of station equipment	1,500	0	200	1,802,600	0	154,700	0	1,959,000	0	0	0	0	0	0	1,959,000
Acct. 593 - Maint. of overhead lines	0	0	0	64,900	0	0	0	64,900	0	0	0	0	0	0	64,900
Acct. 594 - Maint. of underground lines	0	0	0	6,200	0	0	0	6,200	0	0	0	0	0	0	6,200
Acct. 595 - Maint. of line transformers	0	0	0	100	0	0	0	100	0	0	0	0	0	0	100
Acct. 596 - Maintenance of street lights	0	0	0	78,900	0	12,500	0	91,400	0	0	0	0	0	0	91,400
Acct. 597 - Maintenance of meters	0	0	0	5,200	0	0	0	5,200	0	0	0	0	0	0	5,200
Acct. 598 - Miscellaneous maintenance	1,500	0	200	2,006,900	0	662,700	0	2,671,300	0	0	0	0	0	0	2,671,300
Total Maintenance	1,500	0	200	2,006,900	15,000	662,700	15,000	2,671,300	15,000	1,001,000	15,000	15,000	0	0	3,645,600
Total Distribution Expenses															
	1,500	0	10,200	2,603,900	15,000	1,001,000	15,000	2,603,900	15,000	1,001,000	15,000	15,000	0	0	3,645,600
CUSTOMER ACCOUNTS EXPENSES:															
C-3	0	0	0	900	0	0	25,600	0	0	0	0	0	0	0	26,500
Acct. 901 - Supervision	1,700	0	0	4,300	0	0	0	0	0	0	0	0	0	0	6,000
Acct. 902 - Meter reading expenses	2,800	0	445,100	1,100	0	30,900	0	1,000	0	0	0	0	0	0	480,900
Acct. 903 - Cust. records & collections	0	0	51,000	0	0	0	0	10,000	0	0	0	0	0	0	61,000
Acct. 904 - Uncollectible accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acct. 905 - Misc. customer expenses	4,500	0	496,100	6,300	0	56,500	0	11,000	0	0	0	0	0	0	574,400
Total Customer Accounts Expenses	4,500	0	496,100	6,300	0	56,500	0	11,000	0	0	0	0	0	0	574,400

Kerrville Public Utility Board

SCHEDULE C-2

Page 2 of 2

Operation and Maintenance Expenses Estimated for the FY2022 Budget

	Supp.	Department 1	Department 2	Department 4	Department 5	Department 6	Department 7	Department	Total
	Sch.	M. Wittler	A. Dozier	A. Bueche	M. Wittler	R. McCutcheon	P. Martinez	System Exp	2022
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES:									
Acct. 907 - Supervision	C-3	0	0	41,900	0	0	0	0	41,900
Acct. 908 - Customer assistance expenses	C-3	0	0	7,000	0	0	262,100	5,000	274,100
Acct. 909 - Info & Instructional advertising	C-3	0	0	0	0	0	0	0	0
Acct. 910 - Miscellaneous	C-3	0	0	0	0	0	0	20,000	20,000
Acct. 913 - Advertising	C-3	10,000	0	97,100	0	0	1,000	2,500	110,600
Total Customer Service and Informational expenses		10,000	0	146,000	0	0	263,100	27,500	446,600
ADMINISTRATIVE AND GENERAL EXPENSES:									
Operation:									
Acct. 920 - Admin. & general salaries	C-3	457,600	410,400	128,000	0	208,400	52,100	0	1,256,500
Acct. 921 - Office supplies and expenses	C-3	46,000	25,100	32,800	2,500	343,300	100,000	100,000	649,700
Acct. 923 - Outside services employed	C-3	150,000	42,000	0	0	0	100,000	300,000	592,000
Acct. 924 - Property insurance	C-3	0	0	0	0	0	0	50,000	50,000
Acct. 925 - Injuries and damages	C-3	5,000	0	0	19,200	0	0	50,000	74,200
Acct. 926 - Employee pensions & benefits	C-3	21,407	1,557	12,121	88,807	4,185	15,587	2,076,336	2,220,000
Acct. 927 - Franchise requirements	C-3	0	0	0	0	0	0	0	0
Acct. 928 - Regulatory commission exps	C-3	0	0	0	88,800	4,200	0	0	93,000
Acct. 930.04 - Community Support	C-3	34,100	0	0	0	0	0	5,000	39,100
Acct. 930.14 - Miscellaneous general exps	C-3	5,000	0	7,000	0	0	0	0	12,000
Acct. 931 - Rents	C-3	0	0	0	0	0	0	0	0
Total Operation		719,107	479,057	167,800	199,307	560,085	267,687	2,581,336	4,986,500
Maintenance:									
Acct. 935 - Maintenance of general plant	C-3	0	0	500	2,500	0	85,000	10,000	98,000
Total Maintenance		0	0	500	2,500	0	85,000	10,000	98,000
Total Administrative and General Expenses		719,107	479,057	168,300	201,807	560,085	352,687	2,591,336	5,084,500
Total Operation and Maintenance Expenses		\$735,107	\$479,057	\$820,600	\$2,812,007	\$631,585	\$1,616,787	\$2,644,836	\$9,752,100

SCHEDULE D

**Kerrville Public Utility Board
Bond Debt Service
For the Fiscal Budget Year as Follows:**

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Series 2013:					
Principal Payment	\$ 411,000	\$ 422,000	\$ 434,000	\$ 448,000	\$ 464,000
Interest Expense	115,992	104,256	91,014	76,389	60,274
Total Debt Service	<u>\$ 526,992</u>	<u>\$ 526,256</u>	<u>\$ 525,014</u>	<u>\$ 524,389</u>	<u>\$ 524,274</u>

SCHEDULE E

**Kerrville Public Utility Board
Calculation of Debt Service Coverage
For the Fiscal Budget Year as Follows:**

	2022	2023	2024	2025	2026
NET INCOME PLUS NON-CASH ITEMS AND INTEREST EXPENSE:					
Net Income	\$1,594,316	\$1,540,254	\$2,297,830	\$2,270,453	\$3,083,492
Depreciation	3,681,000	3,714,000	3,747,000	3,780,000	3,813,000
Interest Expense	115,992	104,256	91,014	76,389	60,274
Non-Operating Income - Other	(1,560)	(1,560)	(1,560)	(1,560)	(1,560)
NUMERATOR	\$5,389,748	\$5,356,950	\$6,134,284	\$6,125,282	\$6,955,207
DIVIDED BY:					
TOTAL BOND COSTS:					
Interest Expense	\$115,992	\$104,256	\$91,014	\$76,389	\$60,274
Scheduled Principal Payment	411,000	422,000	434,000	448,000	464,000
DENOMINATOR	\$526,992	\$526,256	\$525,014	\$524,389	\$524,274
DEBT SERVICE COVERAGE RATIO	10.23	10.18	11.68	11.68	13.27

SCHEDULE AA-1

Kerrville Public Utility Board
Total Operating Revenue Budget
For the Fiscal Budget Year as Follows:

Description	2022	2023	2024	2025	2026
Residential	\$25,362,360	\$25,830,404	\$27,181,388	\$28,054,174	\$29,524,356
Security Lighting	90,000	90,900	91,809	92,727	93,654
Total Residential	25,452,360	25,921,304	27,273,197	28,146,901	29,618,011
Commercial:					
CS	14,824,685	14,917,728	15,537,851	15,873,752	16,536,164
CS - Sec Lts	146,400	147,864	149,343	150,836	152,344
Total CS	14,971,085	15,065,592	15,687,193	16,024,588	16,688,508
LGS - Primary	634,588	666,482	686,745	693,928	714,887
LGS - Secondary	3,361,948	3,536,944	3,652,721	3,699,365	3,819,643
Total LGS	3,996,536	4,203,427	4,339,467	4,393,293	4,534,530
Total Commercial	18,967,620	19,269,018	20,026,660	20,417,881	21,223,039
Street Lighting	252,000	254,520	257,065	259,636	262,232
Other:					
450-Late Penalties	212,200	212,600	213,000	213,300	213,700
451 thru 454.19- Cust. Serv. Chg.	168,000	168,300	168,600	168,900	169,200
454.21 thru 454.29- Pole Contact Rents	190,000	190,300	190,700	191,000	191,400
454.31 - Substation Lease Revenue	165,000	165,300	165,600	165,900	166,200
456.01 thru 456.09- Other Elec. Revenue	27,100	27,100	27,200	27,200	27,300
456.15-Scrap Sales	6,000	6,200	6,400	6,600	6,800
Total Other	768,300	769,800	771,500	772,900	774,600
Total Operating Revenues	\$45,440,281	\$46,214,642	\$48,328,422	\$49,597,318	\$51,877,881

SCHEDULE AA-2

Kerrville Public Utility Board
 Schedule of Estimated Kilowatthour Sales for the Different Rate Classes
 For the Fiscal Budget Year as Follows:

Description	2022	2023	2024	2025	2026
Residential	276,034,500	278,185,800	280,342,900	282,494,200	284,645,400
Security Lighting	291,600	293,000	294,500	296,000	297,400
Total Residential	276,326,100	278,478,800	280,637,400	282,790,200	284,942,800
Commercial:					
CS	155,651,200	155,110,200	154,567,800	154,026,900	153,485,900
CS - Sec Lts	475,700	478,100	480,500	482,900	485,300
Total CS	156,126,900	155,588,300	155,048,300	154,509,800	153,971,200
LGS - Primary	8,343,200	8,236,700	8,130,000	8,023,500	7,917,000
LGS - Secondary	49,105,100	48,478,500	47,850,200	47,223,500	46,596,900
Total LGS	57,448,300	56,715,200	55,980,200	55,247,000	54,513,900
Total Commercial	213,575,200	212,303,500	211,028,500	209,756,800	208,485,100
Street Lighting	381,000	383,000	384,900	386,800	388,700
Total Kwh Sales	490,282,300	491,165,300	492,050,800	492,933,800	493,816,600

SCHEDULE BB

Kerrville Public Utility Board
Total Purchased Power Budget
For the Fiscal Budget Year as Follows:

Description	2022	2023	2024	2025	2026
TRANSMISSION SERVICES:					
<u>Units:</u>					
Delivery Points	168	168	168	168	168
Transformation -KW	225,120	229,570	234,043	238,517	242,990
Transmission - KW	1,292,445	1,289,913	1,287,452	1,284,990	1,282,529
<u>Rate:</u>					
Delivery Point	\$458.00	\$458.00	\$458.00	\$458.00	\$458.00
Transformation	\$0.87	\$0.87	\$0.87	\$0.87	\$0.87
Transmission	\$5.55	\$5.83	\$6.12	\$6.43	\$6.75
<u>Amount:</u>					
Delivery Point	\$76,944	\$76,900	\$76,900	\$76,900	\$76,900
Transformation	195,636	\$199,700	199,700	203,600	207,500
Transmission	7,173,800	\$7,520,200	\$7,879,200	\$8,262,500	\$8,657,100
TOTAL TRANSMISSION SERVICES ----->	\$7,446,380	\$7,796,800	\$8,155,800	\$8,543,000	\$8,941,500
GENERATION SERVICES:					
<u>Units:</u>					
Energy	526,823,394	527,772,200	528,723,500	529,672,300	530,621,200
Fuel Charge Primary	526,823,394	527,772,200	528,723,500	529,672,300	530,621,200
<u>Rate:</u>					
Energy	\$0.043119	\$0.043320	\$0.044620	\$0.045958	\$0.047337
Fuel Charge Primary	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>Amount:</u>					
Energy	\$22,716,300	\$22,863,100	\$23,591,400	\$24,342,800	\$25,118,000
Fuel Charge Primary	0	0	0	0	0
TOTAL GENERATION SERVICES ----->	\$22,716,300	\$22,863,100	\$23,591,400	\$24,342,800	\$25,118,000
ERCOT & Other	\$362,503	\$380,628	\$399,660	\$419,643	\$440,625
Total Purchased Power	\$30,525,183	\$31,040,528	\$32,146,860	\$33,305,443	\$34,500,125
 Cost Per kWh	 \$0.0579	 \$0.0588	 \$0.0608	 \$0.0629	 \$0.0650

SCHEDULE CC
Page 1 of 2

Kerrville Public Utility Board
Operation and Maintenance Expense by Year
For the Fiscal Budget Year as Follows:

	2022	2023	2024	2025	2026
DISTRIBUTION EXPENSES:					
Operation:					
Acct. 580 - Oper. super. & engineering	1,600	\$1,600	\$1,600	\$1,600	\$1,600
Acct. 581 - System dispatch	10,000	10,200	10,400	10,600	10,800
Acct. 582 - Station expenses	52,900	54,000	55,100	56,200	57,300
Acct. 583 - Overhead line expenses	600	600	600	600	600
Acct. 584 - Underground line expenses	0	0	0	0	0
Acct. 585 - Str. lgt. & signal systems	4,200	4,300	4,400	4,500	4,600
Acct. 586 - Meter expenses	201,800	205,800	209,900	214,100	218,400
Acct. 587 - Customer installations exps	0	0	0	0	0
Acct. 588 - Miscellaneous distribution	689,200	703,000	717,100	731,400	746,000
Acct. 589 - Rents	15,000	15,300	15,600	15,900	16,200
Total Operation	975,300	994,800	1,014,700	1,034,900	1,055,500
Maintenance:					
Acct. 590 - Maint. super. & engineering	119,600	122,000	124,400	126,900	129,400
Acct. 591 - Maintenance of structures	4,900	5,000	5,100	5,200	5,300
Acct. 592 - Maint. of station equipment	420,000	428,400	437,000	445,700	454,600
Acct. 593 - Maint. of overhead lines	1,959,000	2,118,200	2,160,600	2,203,800	2,247,900
Acct. 594 - Maint. of underground lines	64,900	66,200	67,500	68,900	70,300
Acct. 595 - Maint. of line transformers	6,200	6,300	6,400	6,500	6,600
Acct. 596 - Maintenance of street lights	100	100	100	100	100
Acct. 597 - Maintenance of meters	91,400	93,200	95,100	97,000	98,900
Acct. 598 - Miscellaneous maintenance	5,200	5,300	5,400	5,500	5,600
Total Maintenance	2,671,300	2,844,700	2,901,600	2,959,600	3,018,700
Total Distribution Expenses	3,646,600	3,839,500	3,916,300	3,994,500	4,074,200
CUSTOMER ACCOUNTS EXPENSES:					
Acct. 901 - Supervision	26,500	27,000	27,500	28,100	28,700
Acct. 902 - Meter reading expenses	6,000	6,100	6,200	6,300	6,400
Acct. 903 - Cust. records & collections	480,900	490,500	500,300	510,300	520,500
Acct. 904 - Uncollectible accounts	61,000	62,200	63,400	64,700	66,000
Acct. 905 - Misc. customer expenses	0	0	0	0	0
Total Customer Accounts Expenses	574,400	585,800	597,400	609,400	621,600

SCHEDULE CC

Page 2 of 2

Kerrville Public Utility Board
Operation and Maintenance Expenses
For the Fiscal Budget Years as Follows:

	2022	2023	2024	2025	2026
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES:					
Acct. 907 - Supervision	\$41,900	\$42,700	\$43,600	\$44,500	\$45,400
Acct. 908 - Customer assistance expense	274,100	304,600	310,700	316,900	323,200
Acct. 909 - Information and Instruction	0	0	0	0	0
Acct. 910 - Miscellaneous	20,000	20,400	20,800	21,200	21,600
Acct. 913 - Advertising expenses	110,600	112,800	115,100	117,400	119,700
Total Customer Service and Informational expenses	446,600	480,500	490,200	500,000	509,900
ADMINISTRATIVE AND GENERAL EXPENSES:					
Operation:					
Acct. 920 - Admin. & general salaries	1,256,500	1,281,600	1,307,200	1,333,300	1,360,000
Acct. 921 - Office supplies and expenses	649,700	662,700	676,000	689,500	703,300
Acct. 923 - Outside services employed	592,000	603,800	615,900	628,200	640,800
Acct. 924 - Property insurance	50,000	51,000	52,000	53,000	54,100
Acct. 925 - Injuries and damages	74,200	75,700	77,200	78,700	80,300
Acct. 926 - Employee pensions & benefits	2,220,000	2,264,400	2,309,700	2,355,900	2,403,000
Acct. 927 - Franchise requirements	0	0	0	0	0
Acct. 928 - Regulatory commission exps	93,000	94,900	96,800	98,700	100,700
Acct. 930.1-General advertising expenses	39,100	39,900	40,700	41,500	42,300
Acct. 930.2-Miscellaneous general exps	12,000	12,200	12,400	12,600	12,900
Acct. 931 - Rents	0	0	0	0	0
Total Operation	4,986,500	5,086,200	5,187,900	5,291,400	5,397,400
Maintenance:					
Acct. 935 - Maintenance of general plant	98,000	100,000	102,000	104,000	106,100
Total Maintenance	98,000	100,000	102,000	104,000	106,100
Total Administrative and General Expenses	5,084,500	5,186,200	5,289,900	5,395,400	5,503,500
Total Operation and Maintenance Expenses	\$9,752,100	\$10,092,000	\$10,293,800	\$10,499,300	\$10,709,200

SCHEDULE F Page 1 of 5

Kerrville Public Utility Board Cash Flow Forecast For the Fiscal Budget Year:

2022

Supp. Sch.	Revenue Fund	Construction Fund	Long Term Rate Stabilization Fund	Rate Stabilization Fund	Emergency Repair, Replace, Contingency Fund	Interest & Sinking Fund	Debt Reserve Fund	Total Funds Invested
	RESTRICTED FUNDS				RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	
Balance at October 1, 2021	\$19,000,000	\$1,442,000	\$813,900	\$1,898,000	\$3,652,000	\$429,015	\$0	\$27,134,915
Annual Cash Inflows:								
Cash from Operations	5,389,748							5,389,748
Cash from Capital Contributions	108,000							108,000
Cash from Revenue Fund				1,563,800		526,992		2,090,792
Cash from Loan to City of Kerrville			180,000					180,000
Cash from Debt Reserve Fund								0
Annual Consideration of Restricting Add'l Funds							0	0
Annual Cash Outflows:								
General Fund Transfer	1,365,100							1,365,100
Kerrville Economic Development Corp	62,500							62,500
Cash to Rate Stabilization Fund	1,563,800							1,563,800
Cash to Interest & Sinking Fund (Series 2013 Bonds)	526,992						0	526,992
Annual Construction Expenditures	5,603,032					526,992		5,603,032
Annual Bond Costs for 2013 Bond Issuance								526,992
Loan to City/KEDC								0
Cash to Revenue Fund								0
Cash to Construction Fund								0
Balance at September 30, 2022	\$15,376,324	\$1,442,000	\$993,900	\$3,461,800	\$3,552,000	\$429,015	\$0	\$25,256,039
Net Change in Cash	(\$3,623,676)	\$0	\$180,000	\$1,563,800	\$0	\$0	\$0	(\$1,879,876)
Estimated Interest Earnings by Fund Type:								
Simple Average of Fund Balances	\$17,188,200	\$1,442,000	\$903,900	\$2,679,900	\$3,552,000	\$429,000	\$0	
Times: Anticipated Interest Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	
Estimated Annual Interest Earnings	\$43,000	\$3,600	\$2,300	\$6,700	\$8,900	\$550	\$0	\$65,050
Estimated Interest Earnings by Fund Group:								
Total Revenue Fund Group								
Total Interest & Sinking Fund Group						\$64,500		
Total Debt Reserve Fund Group						\$550		
Estimated Annual Interest Earnings						\$65,050		

SCHEDULE F Page 2 of 5

Kerrville Public Utility Board Cash Flow Forecast For the Fiscal Budget Year:

2023

Supp. Sch.	Revenue Fund	Construction Fund	Long Term Rate Stabilization Fund	Rate Stabilization Fund	Emergency Repair, Replace, Contingency Fund	Interest & Sinking Fund	Debt Reserve Fund	Total Funds Invested
			RESTRICTED FUNDS		RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	
Balance at October 1, 2022								
Annual Cash Inflows:								
Cash from Operations	\$15,376,324	\$1,442,000	\$993,900	\$3,461,800	\$3,552,000	\$429,015	\$0	\$25,255,039
Cash from Capital Contributions	5,356,950							5,356,950
Cash from Revenue Fund	108,000			0		526,256		108,000
Cash from Construction Fund								526,256
Cash from Interest and Sinking Fund								0
Annual Consideration of Restricting Add'l Funds			1,240,713					0
Cash from Loan to City of Kerrville								1,240,713
Annual Cash Outflows:								
General Fund Transfer	1,390,200							1,390,200
Kerrville Economic Development Corp	62,500							62,500
Cash to Rate Stabilization Fund	0							0
Cash to Interest & Sinking Fund	526,256						0	526,256
Annual Construction Expenditures	5,013,066						0	5,013,066
Annual Bond Costs for 2013 Issuance						526,256		526,256
Annual Consideration of Restricting Add'l Funds	0							0
Cash to Revenue Fund	0							0
Cash to Construction Fund	0							0
Balance at September 30, 2023	\$13,849,252	\$1,442,000	\$2,234,613	\$3,461,800	\$3,552,000	\$429,015	\$0	\$24,968,680
Net Change in Cash	(\$1,527,072)	\$0	\$1,240,713	\$0	\$0	\$0	\$0	(\$286,359)
Estimated Interest Earnings by Fund Type:								
Simple Average of Fund Balances	\$14,612,800	\$1,442,000	\$1,614,300	\$3,461,800	\$3,552,000	\$429,000	\$0	
Times: Anticipated Interest Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Estimated Annual Interest Earnings	\$73,100	\$7,200	\$8,100	\$17,300	\$17,800	\$1,050	\$0	\$124,550
Estimated Interest Earnings by Fund Group:								
Total Revenue Fund Group					\$	123,500		
Total Interest & Sinking Fund Group						\$1,050		
Total Debt Reserve Fund Group							\$0	
Estimated Annual Interest Earnings								\$124,550

SCHEDULE F Page 3 of 5

Kerrville Public Utility Board Cash Flow Forecast For the Fiscal Budget Year:

2024

Supp. Sch.	Revenue Fund	Construction Fund	Long Term Rate Stabilization Fund	Rate Stabilization Fund	Emergency Repair, Replace, Contingency Fund	Interest & Sinking Fund	Debt Reserve Fund	Total Funds Invested
	RESTRICTED FUNDS				RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	
Balance at October 1, 2023								\$24,968,680
Annual Cash Inflows:								
Cash from Operations	\$11,849,252	\$1,442,000	\$2,234,613	\$3,461,800	\$3,552,000	\$429,015	\$0	6,134,284
Cash from Capital Contributions	6,134,284							108,000
Cash from Revenue Fund	108,000							525,014
Cash from Construction Fund				0				
Cash from Debt Reserve Fund								0
Annual Consideration of Restricting Add'l Funds								0
Cash from Loan to City of Kerrville			1,214,999					1,214,999
Annual Cash Outflows:								
General Fund Transfer	1,453,500							1,453,500
Kerrville Economic Development Corp	62,500							62,500
Cash to Rate Stabilization Fund	0							0
Cash to Interest & Sinking Fund	525,014						0	525,014
Annual Construction Expenditures	5,788,536					525,014		5,788,536
Annual Bond Costs for 2013 Bond Issuance								525,014
Annual Consideration of Restricting Add'l Funds								0
Cash to Revenue Fund							0	0
Cash to Construction Fund							0	0
Balance at September 30, 2024	\$12,251,985	\$1,442,000	\$3,449,613	\$3,461,800	\$3,552,000	\$429,015	\$0	\$24,596,413
Net Change in Cash	(\$1,687,266)	\$0	\$1,214,999	\$0	\$0	\$0	\$0	(\$372,267)
Estimated Interest Earnings by Fund Type:								
Simple Average of Fund Balances	\$13,055,600	\$1,442,000	\$2,842,100	\$3,461,800	\$3,552,000	\$429,000	\$0	
Times: Anticipated Interest Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Estimated Annual Interest Earnings	\$65,300	\$7,200	\$14,200	\$17,300	\$17,800	\$1,050	\$0	\$122,850
Estimated Interest Earnings by Fund Group:								
Total Revenue Fund Group					\$ 121,800			
Total Interest & Sinking Fund Group						\$1,050		
Total Debt Reserve Fund Group							\$0	
Estimated Annual Interest Earnings								\$122,850

SCHEDULE F Page 4 of 5

Kerrville Public Utility Board Cash Flow Forecast For the Fiscal Budget Year:

2025

Supp. Sch.	Revenue Fund	Construction Fund	Long Term Rate Stabilization Fund	Rate Stabilization Fund	Emergency Repair, Replace, Contingency Fund	Interest & Sinking Fund	Debt Reserve Fund	Total Funds Invested
			RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	
Balance at October 1, 2024								
Annual Cash Inflows:								
Cash from Operations	\$12,261,985	\$1,442,000	\$3,449,613	\$3,461,800	\$3,552,000	\$429,015	\$0	\$24,596,413
Cash from Capital Contributions	6,125,282							6,125,282
Cash from Revenue Fund	108,000							108,000
Cash from Construction Fund				0		524,389		524,389
Cash from Debt Reserve Fund	0							0
Annual Consideration of Restricting Add'l Funds			1,189,285					1,189,285
Cash from Loan to City of Kerrville								
Annual Cash Outflows:								
General Fund Transfer	1,495,000							1,495,000
Kerrville Economic Development Corp	62,500							62,500
Cash to Rate Stabilization Fund	0							0
Cash to Interest & Sinking Fund	524,389					524,389		524,389
Annual Construction Expenditures	6,948,911		0					6,948,911
Annual Bond Costs for 2014 Bond Issuance								
Annual Consideration of Restricting Add'l Funds								
Cash to Revenue Fund	0							0
Cash to Construction Fund								
Balance at September 30, 2025	\$9,464,467	\$1,442,000	\$4,638,898	\$3,461,800	\$3,552,000	\$429,015	\$0	\$22,988,180
Net Change in Cash	(\$2,797,518)	\$0	\$1,189,285	\$0	\$0	\$0	\$0	(\$1,608,233)
Estimated Interest Earnings by Fund Type:								
Simple Average of Fund Balances	\$10,863,200	\$1,442,000	\$4,044,300	\$3,461,800	\$3,552,000	\$429,000	\$0	\$0
Times: Anticipated Interest Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Estimated Annual Interest Earnings	\$108,600	\$14,400	\$40,400	\$34,600	\$35,500	\$2,150	\$0	\$235,650
Estimated Interest Earnings by Fund Group:								
Total Revenue Fund Group				\$	233,500			
Total Interest & Sinking Fund Group						\$2,150		
Total Debt Reserve Fund Group								\$0
Estimated Annual Interest Earnings								\$235,650

SCHEDULE F Page 5 of 5

Kerrville Public Utility Board Cash Flow Forecast For the Fiscal Budget Year:

2026

Supp. Sch.	Revenue Fund	Construction Fund	Long Term Rate Stabilization Fund	Rate Stabilization Fund	Emergency Repair, Replace, Contingency Fund	Interest & Sinking Fund	Debt Reserve Fund	Total Funds Invested
	RESTRICTED FUNDS				RESTRICTED FUNDS	RESTRICTED FUNDS	RESTRICTED FUNDS	
Balance at October 1, 2025	\$9,464,467	\$1,442,000	\$4,638,898	\$3,461,800	\$3,552,000	\$429,015	\$0	\$22,988,180
Annual Cash Inflows:								
Cash from Operations	6,955,207							6,955,207
Cash from Capital Contributions	108,000							108,000
Cash from Revenue Fund						524,274		524,274
Cash from Construction Fund								
Cash from Debt Reserve Fund								
Annual Consideration of Restricting Add'l Funds								
Cash from Loan to City of Kerrville			1,146,428					1,146,428
Annual Cash Outflows:								
General Fund Transfer	1,563,300							1,563,300
Kerrville Economic Development Corp	62,500							62,500
Cash to Rate Stabilization Fund								
Cash to Interest & Sinking Fund	524,274							524,274
Annual Construction Expenditures	4,919,912							4,919,912
Annual Bond Costs for 2014 Bond Issuance								
Annual Consideration of Restricting Add'l Funds								
Cash to Revenue Fund								
Cash to Construction Fund								
Balance at September 30, 2026	\$9,457,688	\$1,442,000	\$5,785,326	\$3,461,800	\$3,552,000	\$429,015	\$0	\$24,127,829
Net Change in Cash	(\$6,780)	\$0	\$1,146,428	\$0	\$0	\$0	\$0	\$1,139,648
Estimated Interest Earnings by Fund Type:								
Simple Average of Fund Balances	\$9,461,100	\$1,442,000	\$5,212,100	\$3,461,800	\$3,552,000	\$429,000	\$0	
Times: Anticipated Interest Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Estimated Annual Interest Earnings	\$94,600	\$14,400	\$52,100	\$34,600	\$35,500	\$2,150	\$0	\$233,350
Estimated Interest Earnings by Fund Group:								
Total Revenue Fund Group				\$	231,200			
Total Interest and Sinking Fund Group						\$2,150	\$0	
Total Debt Reserve Fund Group								
Estimated Annual Interest Earnings								\$233,350

SCHEDULE G

**Kerrville Public Utility Board
Loan to City of Kerrville Amortization Schedule
For the Fiscal Budget Year as Follows:**

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
2016 Loan:					
Principal	\$ -	\$ 1,071,428	\$ 1,071,428	\$ 1,071,428	\$ 1,071,428
Interest	180,000	169,285	143,571	117,857	75,000
Total	\$ 180,000	\$ 1,240,713	\$ 1,214,999	\$ 1,189,285	\$ 1,146,428

MEMORANDUM

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

From: Damon Richardson

Date: September 13, 2021

Re: Agenda Item No. 15 – Approval and Reporting of Purchases and Sales

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

- A. Quote No. 2936: One-Year Blanket Purchase Order for Poles.** Staff is recommending the approval of a purchase order to Texas Electric Cooperatives for \$169,346.75 for the purchase of wood poles. Bids were sought and received from three vendors, representing two production plants. These poles will facilitate maintenance, construction and the ongoing replacement of Osmose inspected poles. Supporting documents attached, TEC confirmed by email lead time is 2 – 6 weeks, not 26.

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

Sincerely,



Damon Richardson
Purchasing Agent



BID OPENING LOG SHEET

Reference Bid Document

2936

Bid Opening Date & Time:

9-2-21

Company Name	Representative Signature	Bid Amount	Exceptions noted	Comments
TEC	N/A	\$ 169,346.75	26 Week Lead Time	Check on Lead time
Irby	N/A	\$ 190,315.40	Commodity Increases	3-4 week Delivery
Teckline	N/A	\$ 190,755.00	not Commodity Increases	3-4 Week Delivery

Witness:

Damm Peckler

Witness:

Amy Drier

Pole Bids			
Opened 9/2/2021, 10 am			
Texas Electric Cooperative			
Description	Qty	Price per unit	Extended Price
35 foot class 5	50.00	225.70	11,285.00
40 foot class 4	160.00	323.30	51,728.00
40 foot class 3	20.00	373.65	7,473.00
45 foot class 3	200.00	449.85	89,970.00
50 foot class 3	10.00	533.75	5,337.50
55 foot class 3	5.00	710.65	3,553.25
			169,346.75
Techline Inc			
Description	Qty	Price per unit	Extended Price
35 foot class 5	50.00	255.00	12,750.00
40 foot class 4	160.00	365.00	58,400.00
40 foot class 3	20.00	422.00	8,440.00
45 foot class 3	200.00	507.00	101,400.00
50 foot class 3	10.00	604.00	6,040.00
55 foot class 3	5.00	745.00	3,725.00
			190,755.00
Irby			
Description	Qty	Price per unit	Extended Price
35 foot class 5	50.00	254.36	12,718.00
40 foot class 4	160.00	364.10	58,256.00
40 foot class 3	20.00	420.51	8,410.20
45 foot class 3	200.00	506.67	101,334.00
50 foot class 3	10.00	588.95	5,889.50
55 foot class 3	5.00	741.54	3,707.70
			190,315.40

REQUEST FOR QUOTATION



**Kerrville
Public
Utility
Board**

City of Kerrville, Texas
Electric Distribution System
Revenue Fund
2250 Memorial Blvd. • PO Box 294999
Kerrville, TX 78029-4999 • 830-257-3050

Vendor	Quotation
17273	2936
Print Date	Page
08/20/2021	1

TO
STUART C. IRBY COMPANY
5908 LA COLONIA
SAN ANTONIO, TX 78218

SHIP TO KERRVILLE PUBLIC UTILITY BOARD
2250 MEMORIAL BLVD
KERRVILLE, TX 78028-5613
Phone: (830)257-3050
Fax: (830)792-8244

Phone:
Fax:

Response Due Date: 10:00 am 9/2/2021

Requested Terms

Shipment Method	Shipment Terms	FOB	Payment Terms
			NET

LN	ITEM	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	DEL DT/LEAD TM
1	10355	50.000	EA	Wood Pole 35 foot class 5 Creosote per attached specifications.	254.36	3-4 WKS
2	10404	160.000	EA	Wood Pole 40 foot class 4 Creosote per attached specifications.	364.10	3-4 WKS
3	10403	20.000	EA	Wood Pole 40 foot class 3 Creosote per attached specifications.	420.51	3-4 WKS
4	10453	200.000	EA	Wood Pole 45 foot class 3 Creosote per attached specifications.	506.67	3-4 WKS
5	10503	10.000	EA	Wood Pole 50 foot class 3 Creosote per attached specifications.	588.95	3-4 WKS
6	10553	5.000	EA	Wood Pole 55 foot class 3 Creosote per attached specifications. ***Kerrville Public Utility Board is seeking to enter a one-year blanket purchase order for wood poles, specifications attached. These quantities are estimates, KPUB may request mixed loads, but will always request fully loaded trucks. KPUB will request the releases. Commodity or delivery price increase should be noted when release is requested. Bids will need to be submitted by mail. *** FULL TRUCKLOAD DELIVERED PRICE PRICING WILL REMAIN FIRM WITH THE FOLLOWING EXEPTIONS: RAW WOOD, DIESEL, CREOSOTE ECALATING DURING THIS 1 YEAR TIME FRAME.	741.54	3-4 WKS

REQUEST FOR QUOTATION



**Kerrville
Public
Utility
Board**

City of Kerrville, Texas
Electric Distribution System
Revenue Fund
2250 Memorial Blvd. • PO Box 294999
Kerrville, TX 78029-4999 • 830-257-3050

Vendor	Quotation
70	2936
Print Date	Page
08/20/2021	1

TO **TECHLINE INCORPORATED**
4314 DIVIDEND DR
SAN ANTONIO, TX 78219

SHIP TO **KERRVILLE PUBLIC UTILITY BOARD**
2250 MEMORIAL BLVD
KERRVILLE, TX 78028-5613
Phone: (830)257-3050
Fax: (830)792-8244

Response Due Date: 10:00 am 9/2/2021

Phone:
Fax:

Requested Terms

Shipment Method	Shipment Terms	FOB	Payment Terms
			NET

LN	ITEM	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	DEL DT/LEAD TM
1	10355	50.000	EA	Wood Pole 35 foot class 5 Creosote per attached specifications.	\$255.00	3-4 Weeks
2	10404	160.000	EA	Wood Pole 40 foot class 4 Creosote per attached specifications.	\$365.00	3-4 Weeks
3	10403	20.000	EA	Wood Pole 40 foot class 3 Creosote per attached specifications.	\$422.00	3-4 Weeks
4	10453	200.000	EA	Wood Pole 45 foot class 3 Creosote per attached specifications.	\$507.00	3-4 Weeks
5	10503	10.000	EA	Wood Pole 50 foot class 3 Creosote per attached specifications.	\$604.00	3-4 Weeks
6	10553	5.000	EA	Wood Pole 55 foot class 3 Creosote per attached specifications. ***Kerrville Public Utility Board is seeking to enter a one-year blanket purchase order for wood poles, specifications attached. These quantities are estimates, KPUB may request mixed loads, but will always request fully loaded trucks. KPUB will request the releases. Commodity or delivery price increase should be noted when release is requested. Bids will need to be submitted by mail. *** Pricing is based off of sending full truckload quantities. Prices will remain firm with the following exceptions. The price of raw wood, price of diesel, or price of creosote escalate during this time frame.	\$745.00	3-4 Weeks

REQUEST FOR QUOTATION



**Kerrville
Public
Utility
Board**

City of Kerrville, Texas
Electric Distribution System
Revenue Fund
2250 Memorial Blvd. • PO Box 294999
Kerrville, TX 78029-4999 • 830-257-3050

Vendor	Quotation
18391	2936
Print Date	Page
08/20/2021	1

TO **TEXAS ELECTRIC COOPERATIVES, INC.**
MATERIALS
PO BOX 201338
DALLAS, TX 75320-1338

SHIP TO **KERRVILLE PUBLIC UTILITY BOARD**
2250 MEMORIAL BLVD
KERRVILLE, TX 78028-5613
Phone: (830)257-3050
Fax: (830)792-8244

Response Due Date: 10:00 am 9/2/2021

Phone:
Fax:

Requested Terms

Shipment Method	Shipment Terms	FOB	Payment Terms
			NET

LN	ITEM	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	DEL DT/LEAD TM
1	10355	50.000	EA	Wood Pole 35 foot class 5 Creosote per attached specifications.	\$225.70	26 weeks
2	10404	160.000	EA	Wood Pole 40 foot class 4 Creosote per attached specifications.	\$323.30	26 weeks
3	10403	20.000	EA	Wood Pole 40 foot class 3 Creosote per attached specifications.	\$373.65	26 weeks
4	10453	200.000	EA	Wood Pole 45 foot class 3 Creosote per attached specifications.	\$449.85	26 weeks
5	10503	10.000	EA	Wood Pole 50 foot class 3 Creosote per attached specifications.	\$533.75	26 weeks
6	10553	5.000	EA	Wood Pole 55 foot class 3 Creosote per attached specifications. ***Kerrville Public Utility Board is seeking to enter a one-year blanket purchase order for wood poles, specifications attached. These quantities are estimates, KPUB may request mixed loads, but will always request fully loaded trucks. KPUB will request the releases. Commodity or delivery price increase should be noted when release is requested. Bids will need to be submitted by mail. ***	\$710.65	26 weeks

MEMORANDUM

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

From: Howard Hall

Date: September 14, 2021

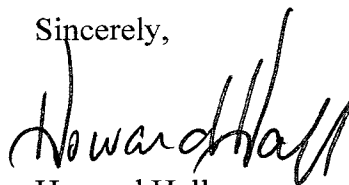
Re: Agenda Item No. 15B – Tower Site Agreement

Presented for your consideration and review are these recommendations for purchase and/or sale of goods or services.

B. Tower Site Agreement. Staff recommends approval to continue with multi-year tower site agreements with Advantage Towers and West Central Wireless. These towers house our radio equipment and repeaters. Attached are the leases for each. This Motorola Radio System was evaluated and we chose to go with it in 2015 and is currently in use. At this time, this provides the best coverage for our service territory.

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

Sincerely,



Howard Hall

COMMUNICATIONS SITE AGREEMENT

This Communications Site Agreement (the "Site Agreement"), entered into as of the 1st day of September, 2021 by and between, ADVANTAGE TOWERS, LLC, ("Site Owner" or "Lessor") having an address at P.O. Box 291772, Kerrville, Tx. 78029, and KERRVILLE PUBLIC UTILITY BOARD (KPUB) ("lessee") having an address at 2250 Memorial Blvd, Kerrville, Tx. 78028.

In consideration of the mutual promises, conditions, covenants and considerations passing between the parties hereto, it is understood and agreed by and between the parties to this Site Agreement as follows:

Site Agreement is for antenna, equipment and shelter space, including any wires, generator(s), equipment, etc. necessary to carry out Lessee's operation of the radio tower ("Tower Equipment") on FCC ID #1211605 site located at Smokey Mountain, Latitude: 30.0s 37.7N, Longitude: 99 07 17.1W together with access there to ("Site"). The Tower Equipment will be installed and maintained by and at the expense of the Lessee.

1. **TERMS:** The term of this Site Agreement shall be for a period of TWO (2) YEAR(S) commencing on the FIRST DAY OF SEPTEMBER, 2021 (the "Commencement Date").

This Agreement will automatically renew for four (4) additional terms of two (2) years each (each additional two [2] year extension term will be defined as the "Extension Term"), upon the same terms and conditions unless the Lessee notifies the Lessor in writing of Lessee's intention not to renew this Agreement at least sixty (60) days prior to the expiration of the existing term.

2. **RENT:** For and in consideration of Lessor granting to Lessee the right to use the tower as well as the other rights herein granted to Lessee, in accordance with terms hereto, Lessee agrees to pay as rent to Lessor during the initial two-year term hereof the amount of SIX HUNDRED TWENTY-TWO DOLLARS (\$622.00) per month. Rent may increase each term by no more than 3%. Lessee shall pay said rental payment on or before the 5th day of each month. All rentals and other amounts payable by Lessee to Lessor hereunder shall be paid to Lessor at its address for notices hereinafter provided.
3. **TITLE:** Lessee shall have no rights, title or interest in the Site except the non-exclusive use thereof as expressly set forth in this Site Agreement.
4. **ELECTRICITY:** Site Owner WILL provide electricity at the Site for the benefit of Lessee.

5. **PERMITS, LICENSES AND REGULATIONS:** Lessee agrees and understands that it is Lessee responsibility to abide by all federal, state and local rules and regulations pertaining to the operation of the Site and of Lessee equipment; including without limitations, those pertaining to the installation, maintenance, height, location, use, operation and removal of its equipment antenna system and other alterations or improvements authorized herein. Lessee hereby represents that Lessee has obtained the necessary licenses and permits required to use said Site, or that Lessee will obtain said licenses or permits, at Lessee own expense, prior to any such use.

6. **USE:** It is expressly agreed by Lessee that: (1) while using the Site, Lessee shall be responsible for proper operation and compliance with Federal Communication Commission (“FCC”) rules; (2) Lessee hereby consents to the execution of agreements between Site Owner and other parties eligible to share the Site, whereby such parties may utilize and share said Site with Lessee; and (3) Lessor represents that it has independently ascertained that the Site is adequate and proper for Lessee’s intended use and has entered into this Site Agreement based solely upon said independent investigation, and not by any representation by Site Owner. Lessee will not increase the size of its Tower Equipment or alter the wind load or structural impact of its equipment upon the tower without the prior consent of Lessor.

7. **COVERAGE AND INTERFERENCE:** Site Owner makes no representations concerning the distance at which useable radio signals may be transmitted and received from the Site or location thereof. Lessee is hereby notified that the Site is subject to degradation of performance from, but not limited to, natural and man-made phenomena such as so called “skip” interference, power line, and ignition noise, intermodulation, co-channel interference, and interference from users of the same or other radio frequencies.
 - a. Lessee shall be responsible for taking such reasonable steps as may be necessary to prevent any spurious radiation or objectionable interference with the broadcasting or transmission facilities of Site Owner or other users on the Site caused by Lessee. The determination of what is reasonable shall be within the sole discretion of Site Owner. If Lessee has not taken corrective measures within three business days after Lessee has been notified that its equipment is causing objectionable interference, then Site Owner may, in addition to its other rights or remedies, at its discretion: (1) disconnect power to Lessee equipment and/or (2) take corrective action and charge Lessee for reasonable costs of labor and materials necessary to eliminate such interference and/or spurious radiation. If such objectionable interference or spurious radiation cannot be reduced to levels reasonably acceptable to Site Owner, Site Owner may elect to terminate the Site Agreement by giving Lessee fifteen (15) days written notice. Site Owner or its designated representatives shall have the sole right, initially and during the term of this Site Agreement, to (a) determine the location of the equipment on the Site, and (b) require Lessee to take whatever action is necessary to eliminate objectionable interference by Lessee equipment with

devices approved by Site Owner to minimize spurious radiation. Lessor shall be responsible for taking such reasonable steps as may be necessary to prevent any spurious radiation or objectionable interference by Lessor's or any additional tenant's facility or equipment to the operations of Lessee. Lessor shall upon three (3) days written notice take corrective action so as to remedy the objectionable interference to Lessee. If such objectionable interference or spurious radiation cannot be reduced to levels reasonably acceptable to Lessee, Lessee may elect to terminate the Site Agreement by giving Site Owner fifteen (15) days written notice.

- b. Nothing contained in this Site Agreement shall be deemed to entitle Lessee to the exclusive possession of any vertical span of space on the Site, it being the intention of the parties that the vertical span of space may be used by others at the direction of the Site Owner provided no objectionable interference is caused to Lessee's radio transmission activity. It is understood and agreed that Site Owner intends to and shall have the right to accommodate other transmitters and/or receivers at the Site, and that connection it is understood and agreed that Site Owner shall have the right at any time during the term of this Site Agreement to locate the antenna or other equipment of other users within the same vertical space on the site as Lessee may occupy, including the right to require the multiplexing or the transmission of other user(s) provided no objectionable interference is caused to Lessee's transmission activities thereby and, provided, further that Lessee is not put to any cost in connection therewith. For purposes of this Site Agreement, objectionable interference shall be deemed to exist if: (1) a determination to that effect is made by an authorized representative of the FCC or (2) a condition exists which constitutes interference within the meaning of the provisions of the Rules and Regulations of the FCC at the time effect, or (3) there is a material impairment of sound, picture, data or other transmission in any material portion of the protected service area of such activity as such area is or may be defined by the FCC at any hour during the period of operation of such activity, as compared with that which would be obtained if no other users were transmitting from the Site or had any equipment at the Site, or (4) a user is prevented from using or having access to its equipment at reasonable and usual times to an extent to which interferes to a material degree with the operation and maintenance thereof, it being understood that a reasonable temporary interference which does not materially interfere with the operation or maintenance of said equipment and which is occasioned by the installation of the new equipment by another user or by repairs to or maintenance of existing equipment of another user shall not be considered objectionable interference.

8. LESSEE'S MAINTENANCE AND REMOVAL OF EQUIPMENT AND COAXIAL CABLE:

- 8.1 Lessee shall install only the equipment, (including antenna and transmission line) which has been approved by Site Owner. Lessee agrees that the installation will be

done in a neat, professional manner and in compliance with all applicable laws and regulations. All costs (including repair of damages caused thereby to Lessee's equipment) will be the responsibility of the Lessee. If Lessee wants to add any additional equipment, other than Lessee's equipment referenced herein, Lessee cannot install such additional equipment until the parties execute an amendment to this Site Agreement, authorizing the additional equipment.

- 8.2 Lessee shall properly ground all antenna equipment at the uppermost location of its equipment on the tower and properly ground its coaxial cable at the base of the tower, or at locations identified by the Site Owner.
 - 8.3 Site Owner retains the right to paint all coaxial cables attached to the tower, including Lessee's coaxial cable, as necessary, in order to prevent "black leg".
 - 8.4 Lessee is required to remove all of Lessee's Tower Equipment at Lessee sole risk and expense, within a reasonable amount of time, not to exceed 120 days after termination of this Site Agreement.
9. **INSPECTION AND ACCESS:** Site Owner will provide Lessee unlimited ingress and egress to the Tower Equipment for the purpose of operating, maintaining, inspecting, using, replacing, repairing, moving, removing, etc. the Tower Equipment and for complying with any reasonable request for inspection by representatives of the FCC. Lessee shall have access only to its own equipment and under no circumstances will Lessee gain access to other equipment located at the Site or allow anyone else access to equipment other than its own. Lessee will provide Site Owner in writing the identity of the service company or individual who is authorized to have access to its equipment for maintenance.
10. **COORDINATION OF INSTALLATION, REPAIR AND MAINTENANCE:** In the event of the need for installation, repair or maintenance of the tower, equipment building or other common facility, Site Owner agrees to coordinate such activities in such a manner as to minimize any downtime that may be caused to Lessee's operations. Lessee agrees to reduce or shut down the power of its transmitter if necessary at a coordinated time so that such installation, repair or maintenance may take place.
11. **FAILURES AND MAINTENANCE:** Lessee is hereby notified and understands that the Site will not provide communications 100% of the time and it will, by its very nature fail and require maintenance from time to time without notice. Such facts have been taken into consideration by Lessee prior to the execution of this Site Agreement, and such failures shall not constitute nonperformance or negligence on the part of the Site Owner. Site Owner will however make every reasonable effort to remedy and/or minimize interruptions of service to Lessee that are considered within the control of the Site Owner. The Site Owner is not liable or responsible for interruptions or termination of service caused by strikes, lockouts governmental acts, acts of God or other conditions beyond its control. Any such interruption or termination of service shall not be considered as a breach of this

Site Agreement by Site Owner. Lessee at its own expense shall be totally responsible for any and all maintenance of its equipment due to lightning, power line surges, ground faults, excessive voltage, or any other caused beyond the control of Site Owner.

12. CASUALTY: If the Site becomes completely unusable due to fire or other casualty and Lessee's Tower Equipment becomes inoperable for a period of at least ten (10) days as a result thereof, either party may elect to terminate the Site Agreement upon thirty (30) days written notice to the other given prior to the completion of repairs. Without limiting the foregoing, Site Owner shall not, under any circumstances, be responsible for any losses or damages to Lessee's Tower Equipment or loss of services from Lessee's Tower Equipment as a result of fire, theft, vandalism, lightning, loss of AC power by serving utility, loss of accessibility, power line surges, ground faults, excessive voltage, shut down of Site for necessary repairs of normal maintenance work, and any other causes.
13. TERMINATION OF LESSOR'S RIGHT TO SITE: In the event that any state, local or federal government agency causes the Site and/or its location to become unavailable, or Site Owner's ground lease is terminated for any reason, Site Owner shall the right to either (1) terminate this Site Agreement without liability with no less than (90) days' notice to Lessee or (2) subject to Lessee's approval, make another similar site and/or location available on the same terms, in which event the change of site and/or location shall not affect the obligation of Lessee.
14. INSURANCE AND INDEMNITY: Site owner provides no insurance on Lessee's Tower Equipment or personnel. Lessee is self-insured.
15. GENERAL PROVISIONS: The undersigned certifies that he has read and understands all of the terms and conditions of this Site Agreement, and each party acknowledges receipt of a true copy hereof at the time of execution. All of the terms and conditions hereof are part of this Site Agreement, and there are no express or implied warranties, modifications, or performance guarantees other than those expressly stated herein.
16. CONTACTS: Any contacts or notice required under this contract between the parties shall be submitted in writing to the other party to the contact person and address listed below. If either party wants to change the contact person or address, the party shall provide reasonable notice of the change to the contact person and address listed below.
17. AUTHORITY: Any individual signing this Site Agreement on behalf of an entity represents and warrants that he has full authority to do so.
18. ASSIGNMENT: Lessee may assign its rights under the Site Agreement without the consent of Lessor; provided, however, that Lessee agrees to notify Lessor within thirty (30) days of any such assignment of its rights under the Site Agreement of the name and contact

information of such assignee. Upon notification to Lessor of such assignment, Lessee will be relieved of all future performance, liabilities and obligations under this Site Agreement.

19. SOVEREIGN IMMUNITY: Nothing in this Agreement shall be construed or interpreted as a waiver of Lessor's sovereign immunity or other legal immunities.

This Site Agreement shall be binding upon the respective successors, assigns and personal representatives of the parties.

EXECUTED THIS _____ DAY OF _____, 2021.

SITE OWNER: **ADVANTAGE TOWERS, LLC**

BY: _____
Signature

Print

ADDRESS: PO BOX 291772
KERRVILLE, TX. 78029

CONTACT: DAVID MARRS

LESSEE: **KPUB**

BY: _____
Signature

Print

ADDRESS: 2250 MEMORIAL BLVD.
KERRVILLE, TX 78028

CONTACT: HOWARD HALL

EXHIBIT A

LESSEE EQUIPMENT AT SMOKEY MOUNTAIN:

1. FREQUENCIES OF OPERATION	<u>TRANSMIT:</u>	<u>RECEIVE:</u>
	451.4250	456.4250
	451.2125	456.2125
	452.2000	457.2000

2. ANTENNA SPECIFICATIONS:

QTY: (2)

MODEL:	<u>ASP705K</u>	<u>DB420B</u>
GAIN:	<u>10.0DB</u>	<u>9DB</u>
BEAM WIDTH:	<u>OMNI</u>	<u>OMNI</u>
WEIGHT:	<u>27 LBS</u>	<u>34 LBS</u>

3. TRANSMISSION LINE:

1. 245' 1 ¼" HELIAX
2. 205' OF 7/8" HELIAX

4. MOUNTING HEIGHT:

1. 230' LEVEL RX
2. 190' LEVEL TX

5. EQUIPMENT SHELTER:

2' X 3' FLOOR SPACE WITHIN LESSOR'S BUILDING FOR LESSEE'S RADIO CABINET

INVOICE

ADVANTAGE COMMUNICATIONS, INC.
 1112 SIDNEY BAKER
 KERRVILLE, TX 78028

ACCOUNT NO.	DATE	TRANSACTION NO.
KER106	09/24/2015	10162118

Bill To
KERRVILLE PUBLIC UTILITY BOARD ATTN: ACCOUNTS PAYABLE P.O. BOX 294999 KERRVILLE, TX 78029-4999

P.O. NUMBER	LOCATION	REP	PAST DUE	SHIP VIA	TENDER TYPE
15737	101				

SKU	QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
6001	1	REPLACE EXISTING RADIO SYSTEM WITH A MOTOROLA	195,196.00	195,196.00
6001	1	MOTOTRBO SYSTEM. ALL BASE STATION INFRASTRUCTURE	0.00	0.00
6001	1	AND ASSOCIATED COMPONENTS FOR A	0.00	0.00
6001	1	TWO TOWER SITE SYSTEM - AS PER QUOTE	0.00	0.00
6001	1	DOES NOT INCLUDE LABOR FOR DISPATCH	0.00	0.00
6001	1	WORK AND TOWER ANTENNA SYSTEM	0.00	0.00
6001	4	MTR SERIAL NUMBERS:	0.00	0.00
6001	4	512CRR0126, 512CRR0125, 512CRR0201, 512CRR0202	0.00	0.00
6001	2	HP SWITCHES SN: CN56FPF61Q & CN56FPF61Q53L	0.00	0.00
6001	2	TELEWAVE COMBINER SN: 13372, 13373	0.00	0.00
6001	2	TELEWAVE MULTICOUPLER SN: 3928 & 3929	0.00	0.00
6001	2	ANTENNA SN: 15US460964356, 15US460964359	0.00	0.00
6001	1	15US461341426	0.00	0.00
6001	2	CONTROL STATIONS: 511TRP5502, 511TRP5514,	0.00	0.00
6001	1	511TRP5495	0.00	0.00

SUBTOTAL	195,196.00
Sales tax	0.00
tax	0.00
tax	0.00
tax	0.00
TUSF TAX	0.00
TOTAL DUE	195,196.00
BALANCE DUE	195,196.00
Amount Tendered	0.00
Change Due	0.00

invoice questions? (830)792-5511
 ADVANTAGE COMMUNICATIONS, INC.

Tower Lease Agreement

THIS TOWER LEASE AGREEMENT (this "Lease") is effective this 1st day of September, 2015, between TX RSA 15 B2 Limited Partnership dba West Central Wireless, a Texas limited partnership ("Landlord"), and Kerrville Public Utility Board ("Tenant").

1. Premises. Subject to the following terms and conditions, Landlord leases to Tenant a certain portion of the real property (the "Property") located at 152 Sunridge, Hunt, Texas, Kerr County, Texas (commonly known address) described in attached Exhibit A, and a portion of the tower located on the Property (the "Tower") (collectively referred to hereinafter as the "Premises").
2. Term. The initial term of this Lease shall be a 5 year initial term commencing on September 1st 2015, (the "Commencement Date"), and terminating at Midnight on the last day of the initial term. The Lease shall automatically renew for two (2) additional five (5) year renewal terms unless written notice is given to Landlord 90 days prior to end of each term.
3. Permitted Use. The Premises may be used by Tenant for, the transmission and reception of radio communication signals subject to the following:
 - (a). Subject to the provisions of this Lease, the Premises may be used by Tenant for the transmission and reception of radio communication signals on the frequencies set forth on Exhibit B hereto.
 - (b). Tenant may install, service, repair and operate at the Premises the equipment ("Antenna Facilities") further described in Section 7(a) of this Lease and as set forth on Exhibit E hereto, including substitution or replacement by comparable equipment from time to time. All such Tenant's equipment shall be "FCC type-accepted" (if applicable), shall comply with all applicable rules and regulations of the Federal Communications Commission ("FCC"), and shall be maintained in accordance with "good engineering practices" as defined therein.
 - (c). Tenant acknowledges that its rights hereunder are not exclusive rights of occupancy with respect to the Tower Site.
 - (d). Tenant shall obtain, at Tenant's expense, all necessary Governmental Approvals. Landlord agrees to reasonably cooperate with Tenant, at no cost to Landlord, where required to perform such procedures or obtain Governmental Approvals. If necessary, Tenant has the right to immediately terminate this Lease if Tenant notifies Landlord of unacceptable results of any Governmental Approvals.

4. Rent.

(a) Tenant shall pay Landlord, as Rent, \$7200.00 per year ("Rent") for the first year of the agreement. Payments for the initial year will be made at \$600.00 per month. Rent will increase by 3% per year for the remainder of the contract, including any renewal term, resulting in \$7416.00 per year for the second year of the agreement, \$7638.48 for the third year, \$7867.63 for the fourth year and the last year of the initial five year term will be \$8103.66 per year. Rent shall be payable in advance beginning on the Commencement Date for the remainder of the month in which the Commencement Date falls and for the following month, and thereafter rent will be payable monthly in advance on the first day of each month for the following month to West Central Wireless at Landlord's address specified in Section 11 below

(b) Notwithstanding the foregoing, and notwithstanding the terms set forth in Section 2 hereof, if Landlord's rights in the site are derived from a primary lease, then the terms shall continue and remain in effect only as long as Landlord retains its interest under said primary lease.

5. Interference. Subject to Tenant's right to use the Premises as set forth in Section 3, Tenant shall not otherwise use the Premises in any way which interferes with the use of the Property by Landlord, or lessees or licensees of Landlord, with rights in the Property prior in time to Tenant's (subject to Tenant's rights under this Lease, including without limitation, non interference). Such interference shall be deemed a material breach and Tenant shall, upon written or verbal notice from the Landlord, be responsible for terminating said interference immediately. In the event any such interference does not cease promptly, the Landlord shall have the right, in addition to any other rights that it may have at law or in equity, to terminate this Lease immediately upon written notice.

6. Improvements; Utilities; Access.

(a) Tenant shall have the right, at its expense, to erect and maintain on the Premises receiver and transmitter and related cables and utility lines (collectively the "Antenna Facilities") at the locations on the Tower as shown (description of antennas and location) and related cables as shown in Exhibit C. Tenant shall cause all construction to occur lien-free and in compliance with all applicable laws and ordinances. The imposition of any lien or breach of any applicable laws or ordinances shall be considered a material breach of this Lease. The Antenna Facilities shall remain the exclusive property of Tenant. Tenant shall have the right to remove the Antenna Facilities upon termination of this Lease. If Tenant fails to remove the Antenna Facilities and all other of Tenant's equipment and restore the Premises to its prior condition within thirty (30) days of written demand by Landlord, Landlord may remove and store the Antenna Facilities and other equipment of Tenant and restore the Premises to its prior condition, with the exception of reasonable wear and tear, at Tenant's sole expense. If Tenant does not within thirty (30) days thereafter claim its Antenna Facilities and other equipment, Landlord may keep or sell the Antenna Facilities and other Tenant equipment, at Landlord's option. Tenant

shall remain liable for any costs not recouped by Landlord upon the sale of the Antenna Facilities and other equipment of Tenant.

(b) Tenant shall only engage a vendor approved by Landlord to perform the installation of the Antenna Facilities.

(c) Tenant shall, at Tenant's expense, keep and maintain the Antenna Facilities now or hereafter located on the Premises in commercially reasonable condition and repair during the term of this Lease, normal wear and tear excepted. Upon termination of this Lease, the Premises shall be returned to Landlord in good, usable condition, normal wear and tear excepted.

(d) Tenant shall not allow any third parties to place any equipment on the Tower or Premises, except as necessary to perform maintenance or to install or repair the Antenna Facilities.

(e) Landlord shall not provide power to Tenants Equipment. Tennant will be responsible for their own electric meter.

(f) As partial consideration for Rent paid under this Lease, Landlord hereby grants Tenant and Tenant's agents, employ or contractors, a non-exclusive easement ("Easement") for ingress, egress, and access (including access for the purposes described in Section 3 to the Premises adequate to install and maintain utilities, which include, but are not limited to the installation of overhead or underground power and telephone service cable, and to service the Premises and the Antenna Facilities at all times during the term of this Lease or any Renewal Term. Landlord shall designate the means of ingress and egress to the Premises to be used by Tenant. Upon prior written notice, provided Tenant's Antenna Facilities remain fully functional and continue to transmit at full power, Landlord shall have the right, at Landlord's sole expense, to relocate the Easement, provided such new location shall not materially interfere with Tenant's operations. Any Easement provided hereunder shall have the same term as this Lease and shall not be exclusive. The location of any Easement provided hereunder shall be placed so as not to interfere with any other existing easements affecting the Premises and shall not interfere with the Landlord's use and enjoyment of the Premises. Any easement granted by the Landlord shall use the most direct route from the main entrance of the property or to available utilities to the Premises and shall make use of existing roads.

(g) Tenant shall have 24-hours-a-day, 7-days-a-week access to the Premises at all times during the term of this Lease and any Renewal Term, however, it is agreed that only authorized employees, agents or engineers of Tenant or persons under their direct supervision will be permitted to enter the Property.

7. Termination. Except as otherwise provided herein, this Lease may be terminated, without any penalty or further liability as follows:

(a) upon thirty (30) days written notice by Landlord for failure to cure a material default for payment of amounts due under this Lease within that thirty (30) day period;

(b) upon thirty (30) days written notice by either party, if the other party defaults and fails to cure or commence curing such default within that 30-day period, or such longer period as may be required to diligently complete a cure commenced within that 30-day period;

(c) upon ninety (90) days written notice by Tenant, if it is unable to obtain, maintain, or otherwise forfeits or cancels any license, permit or Governmental Approval necessary to the installation and/or operation of the Antenna Facilities or Tenant's business;

(d) if the property Building or the Antenna Facilities are or become unacceptable under Tenant's design or engineering specifications for its Antenna Facilities or the communications systems to which the Antenna Facilities belong, Tenant shall provide written notice to Landlord. If Landlord fails to rectify such problem within one hundred eighty (180) days of the receipt of written notice, Tenant may terminate this Agreement.

(e) immediately upon written notice if the Premises or the Antenna Facilities are destroyed or damaged so as in Tenant's reasonable judgment to substantially and adversely affect the effective use of the Antenna Facilities. In such event, all rights and obligations of the parties shall cease as of the date of the damage or destruction, and Tenant shall be entitled to the reimbursement of any Rent prepaid by Tenant. If Tenant elects to continue this Lease, then all Rent shall abate until the Premises and/or Antenna Facilities are restored to the condition existing immediately prior to such damage or destruction;

(f) at the time title of the Property transfers to a condemning authority, pursuant to a taking of all or a portion of the Property sufficient in Tenant's determination to render the Premises unsuitable for Tenant's use. Landlord and Tenant shall each be entitled to pursue their own separate awards with respect to such taking. Sale of all or part of the Property to a purchaser with the power of eminent domain in the face of the exercise of the power shall be treated as a taking by condemnation.

8. Taxes. Tenant shall pay any personal property taxes assessed on, or any portion of such taxes attributable to, the Antenna Facilities. Landlord shall pay when due all real property taxes and all other fees and assessments attributable to the Property.

9. Insurance and Subrogation.

(a) Tenant will provide Commercial General Liability Insurance in an aggregate amount of \$2,000,000, including umbrella limits and name Landlord as an additional insured on the policy or policies. Tenant may satisfy this requirement by obtaining the appropriate endorsement to any master policy of liability insurance Tenant may maintain. Tenant shall provide written proof of insurance to Landlord within thirty (30) days after the commencement

of the Lease.

(b) Landlord and Tenant hereby mutually release each other (and their successors or assigns) from liability and waive all right of recovery against the other for any loss or damage for which payment is received from their respective first party property insurance policies for all perils insured thereunder. In the event of such insured loss, neither party's insurance company shall have a subrogated claim against the other.

10. Hold Harmless. Tenant agrees to hold Landlord harmless from claims arising from the installation, use, maintenance, repair or removal of the Antenna Facilities, except for claims arising from the gross negligence or intentional act or omission of Landlord, its employees, agents or contractors.

11. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, or sent by overnight carrier to the following addresses:

If to Tenant, to:
Kerrville Public Utility Board
2250 Memorial Blvd
Kerrville, Texas 78028

With a copy to:

Phone: (830)-792-8215
Fax: (830)-792-8231

If to Landlord, to:
TX RSA 15B2 Limited Partnership dba West Central Wireless
3389 Knickerbocker Rd
San Angelo, Texas, 76904
Phone (325) 944-9016
Fax (325) 656-7059

With a copy to:

12. Environmental Laws. Tenant represents, warrants, and agrees that it will conduct its activities on the Property in compliance with all applicable environmental laws. Tenant agrees to defend, indemnify, and hold Landlord harmless from and against any and all claims, causes of action, demands, and liability including, but not limited to, damages, costs, expenses, assessments, penalties, fines, losses, judgments, and attorney's fees that Landlord may suffer due to the existence or discovery of any Hazardous Substance on the Property or the migration of any Hazardous Substance to other properties or release into the environment arising from Tenant's activities on the Property or from activities of any assignee or sublessee of Tenant.

Landlord agrees to defend, indemnify, and hold Tenant harmless from and against any all claims, causes of action, demands, and liability including, but not limited to, damages, costs, expenses, assessments, penalties, fines, losses, judgments, and attorney's fees that Tenant may suffer due to the existence or discovery of any Hazardous Substance on the Property or the migration of any Hazardous Substance to other properties or released into the environment, that relate to or arise from Landlord's activities during this Lease.

The indemnifications in this section specifically include without limitation costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any governmental authority.

13. Assignment and Subleasing. Tenant may not assign this Lease without the written consent of Landlord, which such consent shall not be unreasonably withheld. Tenant may sublease the Premises only upon the written consent of the Landlord, which such consent shall not be unreasonably withheld, and only if such sublease is subject to the provisions of this Lease.

14. Successors and Assigns. This Lease and any easements granted herein shall run with the land, and shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives, and assigns.

15. Right to Mortgage. Landlord reserves the right to subject and subordinate this Lease at all times to the lien of any first mortgage now or hereafter placed on Landlord's interest in the Premises, and Tenant shall execute, at Landlord's request, any documents requested to effectuate such subordination; provided, however, no default by Landlord under any mortgage shall affect Tenant's rights under this Lease, so long as Tenant substantially performs the obligations imposed upon it hereunder.

16. Miscellaneous.

(a) The substantially prevailing party in any litigation arising hereunder shall be entitled to its reasonable attorneys' fees and court costs, including appeals, if any.

(b) Each party agrees to furnish to the other, within ten (10) days after request, such truthful estoppel information as the other may reasonably request.

(c) This Lease constitutes the entire agreement and understanding of the parties, and supersedes all offers, negotiations, and other agreements. There are no representations or understandings of any kind not set forth herein. Any amendments to this Lease must be in writing and executed by both parties.

(d) This Lease shall be construed in accordance with the laws of the state in which the Property is located. Venue for any legal action under the Lease shall be in Kerr County, Texas.

(e) The persons who have executed this Lease represent and warrant that they are duly authorized to execute this Lease in their individual or representative capacity as indicated.

(f) The submission of this document for examination does not constitute an offer to lease or a reservation of or option for the Premises and shall become effective only upon execution by both Tenant and Landlord.

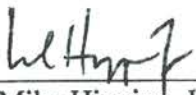
(g) This Lease may be executed in any number of counterpart copies, each of which shall be deemed an original, but all of which together shall constitute a single instrument.

The Execution Date of this Lease is the 3RD day of September, 2015.

LANDLORD:

TX RSA 15B2 Limited Partnership dba West Central Wireless

By: its general partner CGKC&H Rural Cellular Limited Partnership

By: 
Name: Mike Higgins, Jr.
Title: Manager

TENANT:

Kerrville Public Utility Board

By: 
Its: General Manager and CEO

EXHIBIT A

Description

To the Tower Lease Agreement dated effective September 1, 2015, between Kerrville Public Utility Board, as Tennant, and. TX RSA 15B2 Limited Partners dba West Central Wireless, as Landlord.

The Property is described as follows:

Hunt II Tower ST-106
152 Sunridge
Hunt, TX.

EXHIBIT B

To the Tower Lease Agreement dated effective September 1, 2015, between Kerrville Public Utility Board, as Tennant, and. TX RSA 15B2 Limited Partners dba West Central Wireless, as Landlord.

Permitted Frequencies:

450-460 mhz

EXHIBIT C

To the Tower Lease Agreement dated effective September 1, 2015, between Kerrville Public Utility Board, as Tenant, and TX RSA 15B2 Limited Partners dba West Central Wireless, as Landlord.

Site Plan and Equipment

Rx--Top mount

*Antenna--Comm Scope ASP705K, 10db fiberglass pole, 18.3' long, 25lbs
450-460 Mhz, 1.25" heliax*

Tx---antenna center- 210' level

*Antenna---Comm ScopeDB420-B , 9.2db exposed dipole, 19.4' long, 34lbs
450-460 Mhz, 7/8" heliax*

MEMORANDUM

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

From: Mike Wittler

Date: September 17, 2021

Re: Agenda Item No. 15—Reporting of Purchases

C. Report on Transformer Purchase Order Issued Prior to Board Approval

On Tuesday September 14th we were informed by a supplier (Wesco) that an order of transformers that we placed in July was being cancelled by the manufacturer (ABB-Hitachi). They stated that if we wanted to keep the order we would need to issue a new purchase order and that pricing would increase approximately 17% and the new lead time would be 52 weeks. The originally quoted lead time was 24 weeks.

We inquired with the second supplier on the original bid to see if they could extend the pricing they quoted in July. They responded that their manufacturer (Ermco) would not extend pricing and that they are not renewing any existing quotes or quoting new opportunities. That manufacturer is over maximum plant production capacity and is only honoring existing blanket orders and even some of those are being cut to alleviate plant strain.

A third manufacturer (Cooper) that we regularly use did not quote back in July due to their own capacity issues.

On Thursday September 16th we issued a purchase order to Techline representing Howard Transformer for 55 single phase padmount transformers to replace the original order with Wesco/ABB-Hitachi. The total cost of the purchase is \$148,300.00, slightly less than the original purchase order with Wesco/ABB-Hitachi for \$150,948.00. We deviated from our formal procurement process with this purchase order as allowed by “Section 42.35 Exemptions to the Procurement Process” because of “KPUB’s inability to locate and/or use necessary and essential pieces of equipment, materials...”, “Potential financial loss due to significant delays of a project...”, and “Market conditions that potentially threaten or adversely affect KPUB’s ability to obtain sufficient and/or uninterrupted goods...”. The purchase order was also issued prior to the normally required Board approval as allowed by “Resolution No. 20-06 A resolution Granting the KPUB General Manager and CEO Authorizations to Respond to the Covid-19 Disaster.” This resolution gives the General Manager and CEO authorization to “Approve any expenditures in excess of \$50,000 up to \$500,000 for ... General Services ... as those items are defined in Board Policy 42: Purchasing and Procurement Policy; require notification of the Kerrville Public Utility Board Trustees.”

D. Report on Fluctuating Market Conditions for Stock Materials and Anticipated Procurements

At this time, the shortage of single phase padmount distribution transformers seems to be the biggest problem for our suppliers. On APPA discussion Boards there have been several requests recently from utilities that have run out of single phase underground transformers. Some are considering refurbished transformers which are basically a 20-40 year old transformer with a new paint job.

We have also evaluated needs for underground single phase distribution materials for the next 12 to 24 months and issued a request for quotation for 90 transformers, 30,000 feet of underground primary cable and other miscellaneous materials the total cost of which is estimated to be \$400,000 to \$450,000. We will be evaluating needs and lead times for all materials that we normally stock and increasing inventory levels appropriately. We will also be evaluating other changes we can make to reduce our needs for materials in short supply like removing transformers in the field that are not serving load and delaying installation of padmount transformers until homes are actually being built. Changes like these will increase costs.

We are scheduling a meeting with Wesco/ABB-Hitachi to discuss the reasons they are experiencing these delays and price increases. We may issue a new purchase order to them based on the Board's prior approval in July. Our purchasing policy allows the General Manager and CEO to approve increases in purchase orders up to 25% above the amount approved by the Board. The primary reason to reissue this purchase order would be to increase diversity of manufacturers providing us materials.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wittler". The signature is stylized and cursive.

Mike Wittler
General Manager and CEO

Wesco

Size	Qty	Original quote	Total	New Price ea	Total	Price delta
37.5 120/240	10	\$2,400	\$24,000	\$2,857.14	\$28,571.40	16%
50kva 120/240	15	\$2,494.74	\$37,421	\$2,952.35	\$44,285.25	15.50%
75kva 120/240	15	\$2,710.53	\$40,658	\$3,265.70	\$48,985.50	17%
100kva 120/240	15	\$3,257.90	\$48,869	\$3,973.04	\$59,595.60	18%

\$150,948

\$181,437.75

increase

\$30,490.20

* lead time also increased to 52 weeks

17%

Also we purchased a few 100 kva within the last 12 months for 2450 each.

Techline quoted 9/15/21

Size	Qty	Price	Leadtime	Total
37.5 120/240	10	\$2,014.00	30-32 Weeks	\$20,140.00
50kva 120/240	15	\$2,267.00	30 -32 Weeks	\$34,005.00
75kva 120/240	15	\$2,782.00	30-32 Weeks	\$41,730.00
100kva 120/240	15	\$3,495.00	30-32 Weeks	\$52,425.00
				\$148,300.00

Irby

Damon,

I just got off the phone with our Ermco rep. This quote expired in August. I attempted to have it extended so that you could use this pricing but unfortunately I was denied extension on pricing. Furthermore, Ermco is not renewing any existing quotes or quoting new opportunities, and even further, not accepting new orders at this time. Apparently Ermco is over maximum plant production capacity and is going into damage control, only honoring existing blanket orders and even some of those are being cut to alleviate plant strain.

Long story short, since the quote expired I can't cut a PO and I can't even get you a new quote at this time.

If you would like, I can go to Cooper and see if they are in any better condition to quote you, but they did not quote this the first time around due to their own strain.

Thanks,

Ryan Johnson
Inside Sales Customer Service