

**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD  
REGULAR MONTHLY MEETING  
WEDNESDAY, MAY 18, 2022, AT 8:30 A.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**TRUSTEES PRESENT:**

Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

**STAFF PRESENT:**

Mike Wittler, General Manager and CEO  
Amy Dozier, Director of Finance  
Paul Martinez, Director of Engineering  
Tammie Riley, Director of Operations  
Allison Bueché, Director of Customer and Community Relations  
Damon Richardson, Purchasing Agent  
Lidia Goldthorn, Assistant Secretary to the Board

**TRUSTEES ABSENT:**

**OTHERS PRESENT:**

Stephen Schulte, Legal Counsel  
David Martin, A3 Studio Architecture

**1. CALL TO ORDER:**

Mr. Mark Cowden, Vice-Chairman, called the Regular Monthly Meeting to order at 8:30 a.m.

**2. PLEDGE OF ALLEGIANCE:**

**3. OATH OF OFFICE:**

Assistant Secretary Lidia Goldthorn administered the Oath of Office and Statement of Appointed Office to incoming Trustees, Glenn Andrew and Mayor Judy Eychner.

**4. CITIZEN/CONSUMER OPEN FORUM:**

There were no citizens/consumers to speak.

**5. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Mr. Wittler highlighted Director of Finance, Amy Dozer, as the staff spotlight for the month. Ms. Dozier has been with KPUB for 10 months. He also highlighted KPUB Volunteer participation with Habitat for Humanity on April 23<sup>rd</sup>. Upcoming KPUB volunteer participation events include volunteering at a Food

Pantry Event on May 31<sup>st</sup> and Public Power Day of Giving at the Riverside Nature Center on June 10<sup>th</sup>. KPUB hosted an Arc & Spark Demonstration at a 3<sup>rd</sup> Grade Safety Event with the Kerr County 4-H Ag Life Extension. The KPUB Safety & Service Awards Picnic was held on May 7<sup>th</sup> celebrating a safe year and employee milestone years. Other Community Events include a Canned Food Drive from June 1<sup>st</sup> through June 30<sup>th</sup>; another Community Blood Drive on June 23<sup>rd</sup>; and an ACOG and KPUB Weatherization Event with the Doyle Community on June 25<sup>th</sup>. Mr. Wittler added the Board is invited to the KEDC Stakeholder Retreat on June 6<sup>th</sup> and will forward the invitation. Mr. Wittler advised the next regular board meeting is scheduled for June 15, 2022 at 8:30 a.m. (meeting was subsequently moved to June 22, 2022).

**6. CONSENT AGENDA:**

Larry Howard, Secretary, made a motion to accept items in the consent agenda as presented. Bill Thomas, Treasurer, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

6A. APPROVAL OF MINUTES.

6B. RESOLUTION NO. 22-05 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

6C. MARCH, 2022 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the March, 2022, Quarterly Funds Report as presented to the Investment Committee following the April 20, 2022, Board Meeting

6D. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. RFQ No. 3042 – Switchgear URD Underground Residential Distribution (Damon Richardson, Purchasing Agent)

2. RFQ No. 3052 – Wood Pole Annual Order (Damon Richardson, Purchasing Agent)

**END OF CONSENT AGENDA**

**7. DISCUSSION AND POSSIBLE ACTION ON BUILDING REMODEL – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented a proposal to remodel certain portions of the KPUB building. She highlighted the proposed areas to be done. Ms. Dozier advised over the last several months, staff worked with David Martin from A3 Studio to develop construction drawings and complete a competitive bid process. A request for bids was released on April 4, 2022 with a due date of April 26, 2022. One bid was received from JK Bernhard. Ms. Dozier added that staff worked with designers at Texas Wilson, using pricing from their Texas SmartBuy contract to design and price cubicle space, office storage and other furniture in the remodeled spaces. An attempt to get similar pricing was declined from AHI. Ms. Dozier presented pictures of the current spaces, project budget based on bids received, construction drawings and furniture design plans for the Board's review. She added the project budget was broken down into multiple categories to allow for the Board's discretion to consider the proposal in total or by individual category. Ms. Dozier discussed various budget line funding options as well as any other possible remodeling needs that might be requested in the future. Mr. Martin was present and answered questions for the Board. After discussion by the Board which included safety measures, Mr. Glenn Andrew made a motion to move forward with the building remodel. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

**8. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented the financial statements for the month of April 2022. Ms. Dozier highlighted items that included a \$55K increase in net position; \$3.7M in operating revenue for the month (due to higher than forecast kWh sales and higher than forecast purchased power costs); \$3.6M in operating expense; \$100K in operating income; \$2.0M in over collected power cost adjustment at April 30, 2022; and \$29.6M invested in investment pools, CD's and an investment account at Happy State Bank). She added that the Power Cost Adjustment (PCA) remained at \$95.00 for April, KPUB's over collection of power cost adjustment fell in April as actual cost exceeded the \$95.00 factor. However, on a YTD basis, actual power costs equate to a power cost adjustment factor of \$93.81. Accordingly, the PCA remains at \$95.00, but staff will be monitoring costs and watching markets closely to determine if or when a change may be required. Ms. Dozier also provided a power point presentation with the month's highlights and financial metrics from her memo.

**9. 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, ERCOT Invoicing and Purchased Power Contracts – 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 for the purpose of "Personnel Matters" regarding the following matters:

- A. Personnel Matters

Deliberation as to Appointment of Officers to the Board of Trustees and Assignment to Board Committees

Staff asked the Board of Trustees if there was a motion that the Board convene in Executive Closed Session to discuss "Consultation With Attorney" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, "Competitive Matters" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, and "Personnel Matters" in accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.074. Mr. Howard so moved. Mr. Thomas seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 9:40 a.m. Vice-Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 10:12 a.m.

**10. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE SESSIONS:**

I. Deliberation as to Appointment of Officers to the Board of Trustees

Mr. Howard made a motion that the Board continue the previous rotation and appoint the following to serve as officers:

Chairman – Mark Cowden  
Vice-Chairman – Larry Howard  
Secretary – Bill Thomas  
Treasurer – Glenn Andrew

And those members serve in the various Committees as follows:

Personnel Committee – Chairman, Vice Chairman and CEO  
Investment Committee – Vice Chairman, Treasurer, CEO and DOF  
Budget & Audit Committee – Vice Chairman, Treasurer, CEO and DOF  
Power Supply Committee – John E. Sample, Glen Andrew, Mark Cowden,  
CEO and DOF  
Long-Range Planning Committee – Dissolved

Mr. Thomas seconded the motion. Vote was by a show of hands. Motion passed 5 – 0.

**11. ADJOURNMENT**

Chairman Cowden adjourned the Regular Board Meeting at 10:14 a.m.

**Date Approved:** \_\_\_\_\_

\_\_\_\_\_  
Mark Cowden, Chairman

**ATTEST**

\_\_\_\_\_  
Lidia S. Goldthorn, Assistant Secretary to the Board

# MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Larry Howard  
Mayor Judy Eychner

From: Amy Dozier

Date: June 14, 2022

Re: Agenda Item No. 5B – Resolution No. 22-03

---

The following transfers were initiated since the last Board meeting:

I. WIRE TRANSFERS - Operating Expense

|   |                 |
|---|-----------------|
| CONCHO BLUFF - Power Cost Billing 04/01/2022 to 04/30/2022.<br>Paid May 24, 2022 Transfer from Happy St. Bank Investment Account to<br>CONCHO BLUFF.                    | \$ 308,448.95   |
| DG TEXAS SOLAR, LLC - Power Cost Billing 04/01/2022 to 104/30/2022.<br>Paid May 27, 2022 Transfer from Happy St. Bank Investment Account to<br>DG TEXAS SOLAR, LLC.     | \$ 55,340.70    |
| ENGIE LONG DRAW SOLAR - Power Cost Billing 04/01/2022 to 104/30/2022.<br>Paid May 24, 2022 Transfer from Happy St. Bank Investment Account to<br>ENGIE LONG DRAW SOLAR. | \$ 89,393.86    |
| ERCOT - CRR Monthly - June 2022<br>Paid May 23, 2022 Transfer from Happy St. Bank Investment Account to<br>ERCOT.   | \$ 34,727.93    |
| ERCOT - Default Uplift<br>Paid June 2, 2022 Transfer from Happy St. Bank Investment Account to<br>ERCOT.  | \$ 125.29       |
| ERCOT - CRR Annual – January 2023.<br>Paid June 6, 2022 Transfer from Happy St. Bank Investment Account to<br>ERCOT.  | \$ 108,700.52   |
| ERCOT - Securitization Default Charge<br>Paid June 14, 2022 Transfer from Happy St. Bank Investment Account to<br>ERCOT.  | \$ 542.36       |
| GPL - Power Cost Billing 04/01/2022 to 04/31/2022<br>RECEIVED May 31, 2022 Transfer from GPL to Happy St. Bank Operating<br>Account.                                    | \$ (584,877.76) |
| LCRA - Power Cost Billing 04/01/2022 to 04/30/2022.<br>Paid May 27, 2022 Transfer from Happy St. Bank Investment Account to<br>LCRA.                                    | \$ 593,488.36   |

NEXTERA - Power Cost Billing 05/01/2022 to 05/31/2022.

Paid June 17, 2022 Transfer from Happy St. Bank Investment Account to NEXTERA. \$ 485,088.00

II. TRANSFERS – Investments

Transfer from Happy State Bank Operating Account to Happy State Bank Investment Account:

| <u>Date</u>   | <u>Amount</u>   |
|---------------|-----------------|
| May 16, 2022  | \$ 600,000.00   |
| May 23, 2022  | \$ 600,000.00   |
| May 31, 2022  | \$ 1,300,000.00 |
| June 3, 2022  | \$ 250,000.00   |
| June 9, 2022  | \$ 400,000.00   |
| June 15, 2022 | \$ 600,000.00   |

III. WIRE TRANSFERS - Payroll

Automated Clearing House for Pay Periods Ending:

|              |               |
|--------------|---------------|
| May 13, 2022 | \$ 117,589.68 |
| May 27, 2022 | \$ 119,020.79 |

IV. WIRE TRANSFERS - Payroll - Federal Reserve Bank

Federal Withholding and FICA for Period Ending:

|              |              |
|--------------|--------------|
| May 13, 2022 | \$ 42,515.33 |
| May 27, 2022 | \$ 42,750.65 |

V. WIRE TRANSFER - TMRS and TML

Texas Municipal Retirement System (TMRS)

|  |              |
|--|--------------|
| Retirement Plan Contribution<br>for the month of May – Paid 06/10/2022 | \$ 64,433.40 |
|--|--------------|

Texas Municipal League (TML)

|   |              |
|---|--------------|
| Monthly Premium - Medical, Dental, Vision and Life<br>for the month of June – Paid 06/01/2022 | \$ 61,295.20 |
|---|--------------|

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

Sincerely,



Amy Dozier  
Director of Finance

**RESOLUTION NO. 22-07**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE DIRECTOR OF FINANCE AND GENERAL MANAGER / CEO.**

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

**WHEREAS**, the Director of Finance 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 22<sup>nd</sup> day of June, 2022**

\_\_\_\_\_  
**Mark Cowden, Chairman**

**ATTEST:**

\_\_\_\_\_  
**Bill Thomas, Secretary**

**RESOLUTION NO. 22-08**

**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:**

Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

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 22<sup>nd</sup> day of June, 2022**

---

**Mark Cowden, Chairman**

**ATTEST:**

---

**Bill Thomas, Secretary**



**RESOLUTION NO. 22-09**

**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: Mark Cowden

Title: Chairman

Signature: \_\_\_\_\_

Printed Name: Glenn Andrew

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 22<sup>nd</sup> day of June, 2022**

**ATTEST:**

**By:** \_\_\_\_\_

Bill Thomas  
**Printed Name**

**Title:** Secretary

**By:** \_\_\_\_\_

Mark Cowden  
**Printed Name**

**Title:** Chairman

**RESOLUTION NO. 22-10**

**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 Mark Cowden Title Chairman  
Signature \_\_\_\_\_ Phone Number 830-257-3050
- 2. Name Glenn Andrew 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 22<sup>nd</sup> day of June, 2022.

**NAME OF PARTICIPANT** \_\_\_\_\_ Kerrville Public Utility Board \_\_\_\_\_

**By:** Signature \_\_\_\_\_

Printed Name Mark Cowden \_\_\_\_\_

Title Chairman \_\_\_\_\_

**ATTEST:** Signature \_\_\_\_\_

Printed Name Bill Thomas \_\_\_\_\_

Title Secretary \_\_\_\_\_

# MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andew  
Mayor Judy Eychner

From: Damon Richardson

Date: June 11, 2022

Re: Agenda Item No. 5F – Approval and Reporting of Purchases and Sales

---

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


- A. **RFQ No. 2732 – Diesel and Gasoline.** Purchasing staff is recommending a purchase order for \$180,000.00 be issued to Maxey Energy for the purchase of unleaded and diesel fuel. In June of 2020 Request for Quotation 2732 went out to Golden West Oil, McBryde Oil and Maxey Energy Company, 2 bids were received with Maxey Energy having the lowest freight over cost of, Oil Price Information Service, OPIS. The RFQ was a 2-year contract with 2 one-year optional extension, this would be the first extension. Maxey Energy does have an increase in freight cost but with that increase they are still below the Golden West 2020 bid. Attached is a bid tabulation showing 2020 bids, price changes from Maxey Energy and KPUB's past 12-month fuel use.
- B. **RFQ No. 3070 – Meters.** Purchasing staff is recommending a purchase order for \$110,550.00 be issued to Texas Electric Cooperatives for the purchase of meters. This is a sole source purchase due to our Automated Metering Infrastructure System, AMI. Lead times for meters are up to one year and this PO will allow KPUB to be in line for meters for the upcoming local developments. Attached is the quote from TEC.
- C. **RFQ #3069 – Pad Mount Single Phase Transformers.** Purchasing staff is recommending a purchase order for \$163,275.00 be issued to Techline for the purchase of transformers. The request for quotation went out to 6 vendors, we received one bid and 2 no bids. Maintaining this inventory will supply new jobs and support the 100-25 KVA units and 700-50 KVA units we have in service. Attached are the quotations.

- D. 500 KVA 3 Phase Pad Mount Transformers.** Purchasing staff is recommending a purchase order for \$58,066.00 be issued to Techline for 2 500 KVA 208/120 pad mount transformers. These will be necessary for planned upcoming jobs and emergency supply supporting existing commercial accounts. Attached are the three quotes received.

Attached are the quotes and a spreadsheet showing the totals.

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

Sincerely,

  
Damon Richardson  
Purchasing Agent

**Bid Tabulation June 2020. Total of charges over Oil Price Information Service, OPIS.**

| <b>Unleaded</b> | <b>Maxey</b> | <b>Golden West</b> | <b>McBryde</b> |
|-----------------|--------------|--------------------|----------------|
| Rack Price      | \$0.0000     | \$0.0000           | No Response    |
| State Tax       | \$0.2000     | \$0.2000           |                |
| Markup/Freight  | \$0.1231     | \$0.1500           |                |
| Total           | \$0.3231     | \$0.3500           |                |
|                 |              |                    |                |
|                 |              |                    |                |
| <b>Diesel</b>   | <b>Maxey</b> | <b>Golden West</b> | <b>McBryde</b> |
| Rack Price      | \$0.0000     | \$0.0000           |                |
| State Tax       | \$0.2000     | \$0.2000           |                |
| Markup/Freight  | \$0.1308     | \$0.1500           |                |
| Total           | \$0.3308     | \$0.3500           |                |

**Maxey increase for 2022, still below Golden West 2020 bid on unleaded almost equal on diesel.**

| <b>Unleaded</b> | <b>Maxey</b> | <b>Golden West</b> | <b>McBryde</b> |
|-----------------|--------------|--------------------|----------------|
| Rack Price      | \$0.0000     | \$0.0000           | No Response    |
| State Tax       | \$0.2000     | \$0.2000           |                |
| Markup/Freight  | \$0.1433     | \$0.1500           |                |
| Total           | \$0.3433     | \$0.3500           |                |
|                 |              |                    |                |
|                 |              |                    |                |
| <b>Diesel</b>   | <b>Maxey</b> | <b>Golden West</b> | <b>McBryde</b> |
| Rack Price      | \$0.0000     | \$0.0000           |                |
| State Tax       | \$0.2000     | \$0.2000           |                |
| Markup/Freight  | \$0.1553     | \$0.1500           |                |
| Total           | \$0.3553     | \$0.3500           |                |



| Unleaded history and estimated 12 month need for KPUB |      |                           |             |  |  |  |  |
|---|------|---------------------------|-------------|--|--|--|--|
| Date  | Item | Item Description          | Quantity    | Amount                                 |  |  |  |
| 3/28/2022   | 2002 | Gasoline Regular Unleaded | 2,982.00    | 2,982.00                               |  |  |  |
| 12/15/2021  | 2002 | Gasoline Regular Unleaded | 4,955.00    | 4,955.00                               |  |  |  |
| 8/26/2021   | 2002 | Gasoline Regular Unleaded | 4,319.00    | 11,585.88                              |  |  |  |
| 5/12/2021   | 2002 | Gasoline Regular Unleaded | 4,250.00    | 4,250.00                               |  |  |  |
|   |      |                           | 16,506.00   | gallons used last 12 months            |  |  |  |
|   |      | 4.5 per gallon            | \$74,277.00 | estimate dollars needed next 12 months |  |  |  |

| Diesel history and estimated 12 month need for KPUB |      |                  |             |  |  |  |  |
|---|------|------------------|-------------|--|--|--|--|
| Date  | Item | Item Description | Quantity    | Amount                                 |  |  |  |
| 3/28/2022   | 2000 | Diesel Fuel # 2  | 4,979.00    | 4,979.00                               |  |  |  |
| 12/15/2021  | 2000 | Diesel Fuel # 2  | 2,980.00    | 2,980.00                               |  |  |  |
| 8/26/2021   | 2000 | Diesel Fuel # 2  | 3,848.00    | 3,848.00                               |  |  |  |
| 5/13/2021   | 2000 | Diesel Fuel # 2  | 3,913.00    | 3,913.00                               |  |  |  |
|   |      |                  | 15,720.00   | gallons used last 12 months            |  |  |  |
|   |      | 6 per gallon     | \$94,320.00 | estimate dollars needed next 12 months |  |  |  |

# 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

|                   |                  |
|-------------------|------------------|
| <b>Vendor</b>     | <b>Quotation</b> |
| 70                | 3069             |
| <b>Print Date</b> | <b>Page</b>      |
| 05/25/2022        | 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

**Phone:**  
 **Fax:**

**Response Due Date:** 10:00 am 6/7/2022

### Requested Terms

|                        |                       |            |                      |
|------------------------|-----------------------|------------|----------------------|
| <b>Shipment Method</b> | <b>Shipment Terms</b> | <b>FOB</b> | <b>Payment Terms</b> |
|                        |                       |            | NET                  |

| LN | ITEM  | QUANTITY | UOM | DESCRIPTION  | UNIT PRICE | DEL DT/LEAD TM |
|----|-------|----------|-----|--|------------|----------------|
| 1  | 12999 | 5.000    | EA  | Transfrmr URD 25 KVA 120/240<br>Single-phase Pad-mounted Loop Feed,<br>240/120, 7.2kv. Per attached specs. | \$6,540.00 | 60+ wks        |
| 2  | 13002 | 15.000   | EA  | Transfrmr URD 50 KVA 120/240<br>Single-phase Pad-mounted Loop Feed,<br>240/120, 7.2kv. Per attached specs. | \$8,705.00 | 60+ wks        |

### Vendor Terms

|                        |                       |             |                      |
|------------------------|-----------------------|-------------|----------------------|
| <b>Shipment Method</b> | <b>Shipment Terms</b> | <b>FOB</b>  | <b>Payment Terms</b> |
| Best way               | Freight allowed       | San Antonio | Net 30               |

*Karen Cone*

**Valid Through Date:**

**Authorizing Signatures**

*Damon Richardson*

DAMON RICHARDSON  
PURCHASING AGENT  
(830)792-8239

# 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

|                   |                  |
|-------------------|------------------|
| <b>Vendor</b>     | <b>Quotation</b> |
| 17989             | 3069             |
| <b>Print Date</b> | <b>Page</b>      |
| 05/25/2022        | 1                |

TO  
PRIESTER-MELL & NICHOLSON, INC.  
3939 N. PANAM EXPWY.  
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 6/7/2022

Phone:  
Fax:

### Requested Terms

|                        |                       |            |                      |
|------------------------|-----------------------|------------|----------------------|
| <b>Shipment Method</b> | <b>Shipment Terms</b> | <b>FOB</b> | <b>Payment Terms</b> |
|                        |                       |            | NET                  |

| LN | ITEM  | QUANTITY | UOM | DESCRIPTION  | UNIT PRICE | DEL DT/LEAD TM |
|----|-------|----------|-----|--|------------|----------------|
| 1  | 12999 | 5.000    | EA  | Transfrmr URD 25 KVA 120/240<br>Single-phase Pad-mounted Loop Feed,<br>240/120, 7.2kv. Per attached specs. | No Bid     |                |
| 2  | 13002 | 15.000   | EA  | Transfrmr URD 50 KVA 120/240<br>Single-phase Pad-mounted Loop Feed,<br>240/120, 7.2kv. Per attached specs. | No Bid     |                |

### Vendor Terms

|                        |                       |            |                      |
|------------------------|-----------------------|------------|----------------------|
| <b>Shipment Method</b> | <b>Shipment Terms</b> | <b>FOB</b> | <b>Payment Terms</b> |
|                        |                       |            |                      |

|   |
|---|
| <b>Valid Through Date:</b>                            |
| <b>Authorizing Signatures</b>                         |
| <i>Damon Richardson</i>                               |
| DAMON RICHARDSON<br>PURCHASING AGENT<br>(830)792-8239 |

## Damon Richardson

---

**From:** Damon Richardson <kerrvilledamon@yahoo.com>  
**Sent:** Wednesday, May 25, 2022 7:50 PM  
**To:** Damon Richardson  
**Subject:** Fw: Request For Quotation 3069 from KERRVILLE PUBLIC UTILITY BOARD

[Sent from Yahoo Mail on Android](#)

----- Forwarded Message -----

**From:** "JOHNSON Ryan" <ryan.johnson@irby.com>  
**To:** "Damon Richardson" <kerrvilledamon@yahoo.com>  
**Cc:** "JOHNSON Ryan" <ryan.johnson@irby.com>, "BOYD Tom" <TBoyd@irby.com>  
**Sent:** Wed, May 25, 2022 at 2:05 PM  
**Subject:** RE: Request For Quotation 3069 from KERRVILLE PUBLIC UTILITY BOARD  
Damon,

We have to no bid this right now. None of our manufacturers will quote us in the open market. For our contract customers, we are being told 2 years lead time on 1PH pads. Sorry I can't help.

Thanks,

Ryan Johnson  
Inside Sales Customer Service

Cell: 512-787-8288

-----Original Message-----

**From:** [drichardson@kpub.com](mailto:drichardson@kpub.com) <[drichardson@kpub.com](mailto:drichardson@kpub.com)>  
**Sent:** Wednesday, May 25, 2022 8:12 AM  
**To:** EDDINGTON David <[eddington@irby.com](mailto:eddington@irby.com)>; BOYD Tom <[TBoyd@irby.com](mailto:TBoyd@irby.com)>; JOHNSON Ryan <[ryan.johnson@irby.com](mailto:ryan.johnson@irby.com)>  
**Cc:** [drichardson@kpub.com](mailto:drichardson@kpub.com)  
**Subject:** Request For Quotation 3069 from KERRVILLE PUBLIC UTILITY BOARD

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

See Attached Request For Quotation from DAMON RICHARDSON at KERRVILLE PUBLIC UTILITY BOARD.



## Damon Richardson

---

**From:** Jack McGuinness <jack@kbselectric.com>  
**Sent:** Thursday, June 2, 2022 11:25 AM  
**To:** Damon Richardson  
**Subject:** RE: 500 KVA 208/120

Damon,  
\$32,000ea, 85wks, subject to escalation at time of shipment

Thanks,  
Jack McGuinness  
Inside Sales  
KBS Electrical Dist., Inc.  
5811 Trade Center Drive Suite 950  
Austin, Texas 78744  
512-416-6063 (O)  
512-230-1237 (M)

CONFIDENTIALITY NOTICE: This email is intended solely for the person or entity named above. If you are not the intended recipient or an unauthorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein is prohibited. If you have received this email in error, please notify the sender by return email and delete this email from your system.

**From:** Damon Richardson <drichardson@kpub.com>  
**Sent:** Thursday, June 2, 2022 11:06 AM  
**To:** Jack McGuinness <jack@kbselectric.com>  
**Subject:** RE: 500 KVA 208/120

Please quote 2.

**From:** Jack McGuinness <jack@kbselectric.com>  
**Sent:** Thursday, June 2, 2022 10:52 AM  
**To:** Damon Richardson <drichardson@kpub.com>  
**Subject:** RE: 500 KVA 208/120

Yes, we can quote WEG

Thanks,  
Jack McGuinness  
Inside Sales  
KBS Electrical Dist., Inc.  
5811 Trade Center Drive Suite 950  
Austin, Texas 78744  
512-416-6063 (O)  
512-230-1237 (M)

CONFIDENTIALITY NOTICE: This email is intended solely for the person or entity named above. If you are not the intended recipient or an unauthorized representative of the intended recipient, you are hereby notified that any review,

## Damon Richardson

---

**From:** Cone, Karen <Karen.Cone@techline-inc.com>  
**Sent:** Tuesday, June 7, 2022 8:42 AM  
**To:** Damon Richardson  
**Cc:** Randolph, Coby (San Antonio)  
**Subject:** RE: 500 KVA 208/120

Hello Damon,

We can offer the following quote:

9585-435626-089 (500kva pad DV 208/120 3Ph w/taps)  
\$29,033.00  
16-18 wks

Please let us know if you have any questions.

### Karen Cone

Sales | Techline | San Antonio  
Phone: (210)359-8324  
Cell: (210)422-1582

**From:** Damon Richardson <drichardson@kpub.com>  
**Sent:** Thursday, June 2, 2022 11:53 AM  
**To:** Damon Richardson <drichardson@kpub.com>  
**Subject:** FW: 500 KVA 208/120

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Specs attached, asking for quote on 2.

**From:** Damon Richardson <[drichardson@kpub.com](mailto:drichardson@kpub.com)>  
**Sent:** Thursday, June 2, 2022 10:43 AM  
**To:** Damon Richardson <[drichardson@kpub.com](mailto:drichardson@kpub.com)>  
**Subject:** 500 KVA 208/120

Is anyone quoting,  
Transfrmr Pad Mt 3ph 500 KVA 208/120  
7200/12470, loop feed.

# 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

|                   |                  |
|-------------------|------------------|
| <b>Vendor</b>     | <b>Quotation</b> |
| 18391             | 3070             |
| <b>Print Date</b> | <b>Page</b>      |
| 05/25/2022        | 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 6/7/2022

**Phone:**  
**Fax:**

**Requested Terms**

|                        |                       |            |                      |
|------------------------|-----------------------|------------|----------------------|
| <b>Shipment Method</b> | <b>Shipment Terms</b> | <b>FOB</b> | <b>Payment Terms</b> |
|                        |                       |            | NET                  |

| LN | ITEM  | QUANTITY | UOM | DESCRIPTION  | UNIT PRICE | DEL DT/LEAD TM |
|----|-------|----------|-----|--|------------|----------------|
| 1  | 14003 | 384.000  | EA  | Meter Landis Gyr 2S CL200 240V<br>Meter Focus RXRe-SD GDSM G5 2S 240V<br>CL200 KPUB. HMA10Y8X-OCT2-6000<br>Pallet 96.<br>4 quarterly shipments in 2023 on line item 1.   | \$190.00   | 37-39 weeks    |
| 2  | 14046 | 96.000   | EA  | Meter Landis Gyr 2S CL320 120-480V<br>Meter with service disconnect. Focus<br>RXR/SD GDSM G5 2SE 240V CL320 WPL.<br>Landis Gyr JM140X8X-OCT2-6000.<br>***need to be remote disconnect, TEC<br>Allegiant will need to advise of correct item<br>numbers***<br><b>HMA90XA5-OCT2-6000</b><br><b>HBA</b> | \$283.75   | 37-39 weeks    |
| 3  | 14072 | 16.000   | EA  | Meter Landis Gyr 9S/8S CL20 120-480V<br>Meter RXRS4x 9S/8S CL20 W/R GDSM RF<br>120-480V. Landis Gyr<br>XC000HAS0100-OCT2.  | \$362.50   | 47-49 weeks    |
| 4  | 14076 | 4.000    | EA  | Meter Landis Gyr 16 CL200 120-480V<br>Meter RXRS4x 16 W/R GDSM RF CL200<br>120-480V. Landis Gyr XC0K0HAS0100-OCT2.   | \$362.50   | 47-49 weeks    |
| 5  | 14086 | 8.000    | EA  | Meter Landis Gyr 16SE CL320 120-480V<br>Meter RXRS4x 16SE W/R GDSM RF CL320<br>120-480V. Landis Gyr<br>XC0M0HAS0100-OCT2.  | \$387.50   | 47-49 weeks    |



## Damon Richardson

---

**From:** Dennis Jenke <dennis.jenke@pmn-inc.com>  
**Sent:** Wednesday, June 8, 2022 4:12 PM  
**To:** Damon Richardson  
**Cc:** Ross Nicholson; Darrell Johnson  
**Subject:** Fwd: KERRVILLE PUBLIC UTILITIES BOARD  
**Attachments:** Specifications for Xfmr 3ph PM - Ricardo revised 06-06-22.pdf; kpub - weg tech specs.pdf

Damon:

Per your request, we are pleased to offer the following:

2/ea. - 500 KVA PM transformer, 3PH, 12470GRDY/7200, 208Y/120 @ \$42,648.00/ea. \*

NL 667

LL 4281

Quoting WEG Transformers

Terms: net 30days

Fob: destination.

Delivery: 84-86 Weeks ARO.

\*NOTE: Due to extended lead times and disequilibrium in the supply chan, orders will be subject to price escalation 30 days prior to shipment. The calculation of final sales price is based upon the percentage content of key components for all distribution transformers 500 KVA and below. This includes aluminum, copper (if applicable). Mild steel, fluid, silicon steel, accessories, miscellaneous material and freight costs.

Please see attached WEG transformer technical specs for complete transformer description.

Quoted per our manufacturers standard terms & conditions.

Please let us know if you have any questions.

Thank you,

Dennis

Begin forwarded message:

**From:** Ricardo Berrios Jr. <rberrios@kpub.com>

**Subject: RE: KERRVILLE PUBLIC UTILITIES BOARD**

**Date:** June 6, 2022 at 2:36:03 PM CDT

**To:** Damon Richardson <drrichardson@kpub.com>, Dennis Jenke <dennis.jenke@pmn-inc.com>

**Cc:** Darrell Johnson <DARRELL@PMN-INC.COM>, Paul Martinez <pmartinez@kpub.com>

Dennis,

I appreciated your feedback on KPUB's 3 Phase Specification. The attachment has the updated information. In addition, the answers to your questions are highlighted in yellow.

Please let me know if you need anything else.



## MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

From: Mike Wittler

Date: June 17, 2022

Re: Item 5F—Ratification of Purchase of Wood Poles

---

In 2021 we began experiencing significant supply chain issues with transformers. We had suppliers cancel orders and significantly increase prices and lead times. As a result, we started projecting usage out to 24 months and issued numerous purchase orders to ensure adequate supply for ongoing maintenance activities and extension of service to new customers.

Over the past several months, our wood pole supplier has struggled to keep up with releases under our annual blanket order. In order to ensure an adequate supply of poles we issued purchase orders on June 1<sup>st</sup> to:

- Techline for 38-40 foot class 3 poles and 31-45 foot class three for a total cost of \$59,056.
- Priester Mell and Nicholson for 38-40 foot class 3 poles and 31-45 foot class three for a total cost of \$51,664.

These purchase orders were 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."

We are continuing to closely monitor lead times to ensure that we are prepared to promptly provide service to new customers and developments. We are seeing increased lead times and pricing on materials across the board.

I will be happy to address any questions from the Board.

Thanks,



Mike Wittler, P.E.

# MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

From: Amy Dozier

Date: June 15, 2022

Re: Agenda Item No. 6 – Bank Depository

---

In 2018, KPUB requested proposals for bank depository services. Only one bank, Happy State 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 current term of the agreement with Happy State Bank ends on September 30, 2022. State law allows for one additional one-year extension under the same terms and conditions, which will bring the overall term under the current agreement to 5 years.

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.

Happy State Bank was acquired by Centennial Bank earlier this year. The bank is currently undergoing a system conversion related to the acquisition. Waiting until next summer to request proposals for depository services will give KPUB the opportunity to evaluate the service and interest rates available through the new bank before deciding whether to enter a multi-year agreement.

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

Sincerely,



Amy Dozier  
Director of Finance

**RESOLUTION NO. 22-11**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING AN 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, 2022, but Happy State Bank is offering 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, 2023 under the same terms and conditions 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 22<sup>th</sup> day of June, 2022**

---

**Mark Cowden, Chairman**

**ATTEST:**

---

**Bill Thomas, Secretary**



**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.

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

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](mailto: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](mailto: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](mailto: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-presentation 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 Pledge 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: NUP

## MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

From: Amy Dozier

Date: June 15, 2022

Re: Agenda Item No. 7 – Financial Report

---

Attached please find financial statements for the month of May 2022.

Highlights include:

- **\$72K increase in net position** for the month, **\$975K** increase in net position on a year-to-date (YTD) basis.
- **\$3.3M in operating revenue** for the month, **\$29.0M** on a YTD basis.
  - May revenues are lower than budget due to slightly lower than forecast demand (1% lower) and slightly lower than forecast purchased power costs. YTD revenues remain close to budget, with a 2.1% favorable variance.
- **\$3.2M in operating expense** for the month, **\$27.6M** on a YTD basis.
  - Operating expense is less than budget in May due primarily to lower than expected purchased power cost driven by lower demand and unit cost. YTD operating expense is very close to budget, with a 1.7% favorable variance.
  - Administrative expenses are less than budget for May and YTD due vacancies, reorganized departments, and lower than budgeted expense for employee benefits.
- **\$111K in operating income** for the month, **\$1.5M** in operating income on a YTD basis.
- **\$2.1M in over collection of power cost adjustment** as of 5/31/2022, an **increase of \$133K** from the prior month.
- **\$29.9M invested** in investment pools, CD's and an investment account at Happy State Bank.

The Power Cost Adjustment (PCA) remained at \$95.00 for May. KPUB's over collection of power cost rose in May as actual cost was below the \$95.00 factor. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$93.46, which is very close to the \$95.00 billed PCA. However, natural gas prices have increased sharply over the last 3 months. We are monitoring KPUB's renewable contracts closely to determine if they will create enough of a hedge against rising natural gas prices to cover power supply costs with a \$95.00 PCA.

Sincerely,



Amy Dozier  
Director of Finance

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended May 31, 2022  
(Unaudited)

|  | Comparison to Budget |                                   |  |                        | Comparison to Last Year              |  |                        |
|--|----------------------|-----------------------------------|--|------------------------|--------------------------------------|--|------------------------|
|  | Current<br>Month     | Current Month<br>Budget<br>Amount | Variance<br>Favorable<br>(Unfavorable) | Percentage<br>Variance | Current Month<br>Last Year<br>Amount | Variance<br>Favorable<br>(Unfavorable) | Percentage<br>Variance |
| <b>OPERATING REVENUES:</b>                     |                      |                                   |  |                        |                                      |  |                        |
| Residential                                    | \$ 1,752,768         | \$ 1,787,404                      | \$ (34,637)                            | -1.94%                 | \$ 1,604,654                         | \$ 148,114                             | 9.23%                  |
| Commercial/Industrial                          | 1,500,524            | 1,592,131                         | (91,607)                               | -5.75%                 | 1,315,149                            | 185,376                                | 14.10%                 |
| Sales to Public Authorities                    | 21,529               | 21,000                            | 529                                    | 2.52%                  | 21,090                               | 439                                    | 2.08%                  |
| Other  | 31,351               | 41,300                            | (9,949)                                | -24.09%                | 72,659                               | (41,308)                               | -56.85%                |
| <b>TOTAL OPERATING REVENUES</b>                | <b>3,306,172</b>     | <b>3,441,835</b>                  | <b>(135,664)</b>                       | <b>-3.94%</b>          | <b>3,013,552</b>                     | <b>292,620</b>                         | <b>9.71%</b>           |
| <b>OPERATING EXPENSES:</b>                     |                      |                                   |  |                        |                                      |  |                        |
| Purchased Power                                | 2,191,872            | 2,345,215                         | 153,343                                | 6.54%                  | 2,420,490                            | 228,618                                | 9.45%                  |
| Distribution                                   | 307,378              | 305,569                           | (1,809)                                | -0.59%                 | 218,645                              | (88,733)                               | -40.58%                |
| Customer Accounts                              | 44,602               | 48,100                            | 3,498                                  | 7.27%                  | 46,728                               | 2,126                                  | 4.55%                  |
| Customer Service & Informational               | 27,221               | 37,500                            | 10,279                                 | 27.41%                 | 24,062                               | (3,159)                                | -13.13%                |
| Administrative Expenses                        | 310,945              | 380,400                           | 69,455                                 | 18.26%                 | 416,120                              | 105,175                                | 25.28%                 |
| Depreciation                                   | 313,262              | 307,500                           | (5,762)                                | -1.87%                 | 301,167                              | (12,094)                               | -4.02%                 |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>3,195,279</b>     | <b>3,424,284</b>                  | <b>229,005</b>                         | <b>6.69%</b>           | <b>3,427,212</b>                     | <b>231,933</b>                         | <b>6.77%</b>           |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>110,893</b>       | <b>17,551</b>                     | <b>93,342</b>                          | <b>531.84%</b>         | <b>(413,660)</b>                     | <b>524,553</b>                         | <b>-126.81%</b>        |
| <b>NONOPERATING REVENUES (EXPENSES):</b>       |                      |                                   |  |                        |                                      |  |                        |
| Interest Income - Investments                  | 21,436               | 5,421                             | 16,015                                 | 295.43%                | 4,737                                | 16,699                                 | 352.50%                |
| Interest Income - City of Kerrville            | 15,000               | 15,000                            | -                                      | 0.00%                  | 15,000                               | -                                      | 0.00%                  |
| Interest Expense - Debt                        | (9,594)              | (9,594)                           | -                                      | 0.00%                  | (10,460)                             | 867                                    | -8.28%                 |
| Interest Expense - Customer Deposits           | (25)                 | -                                 | (25)                                   |                        | (254)                                | 230                                    | -90.19%                |
| City of Kerrville - General Fund Transfer      | (99,779)             | (103,400)                         | 3,621                                  | -3.50%                 | (81,635)                             | (18,144)                               | 22.23%                 |
| City of Ingram - Franchise Fees                | (2,360)              | (2,600)                           | 240                                    | -9.24%                 | (2,018)                              | (342)                                  | 16.93%                 |
| Other - Net                                    | 4,153                | 1,430                             | 2,723                                  | 190.45%                | (4,286)                              | 8,440                                  | -196.90%               |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES):</b> | <b>(71,168)</b>      | <b>(93,743)</b>                   | <b>22,575</b>                          | <b>-24.08%</b>         | <b>(78,917)</b>                      | <b>7,749</b>                           | <b>-9.82%</b>          |
| <b>INCOME BEFORE CONTRIBUTIONS</b>             | <b>39,724</b>        | <b>(76,192)</b>                   | <b>115,917</b>                         | <b>152.14%</b>         | <b>(492,577)</b>                     | <b>532,302</b>                         | <b>-108.06%</b>        |
| <b>CAPITAL CONTRIBUTIONS</b>                   | <b>32,513</b>        | <b>9,000</b>                      | <b>23,513</b>                          | <b>261.25%</b>         | <b>14,457</b>                        | <b>496</b>                             | <b>3.43%</b>           |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ 72,237</b>     | <b>\$ (67,192)</b>                | <b>\$ 139,429</b>                      | <b>207.51%</b>         | <b>\$ (478,121)</b>                  | <b>\$ 532,798</b>                      | <b>111.44%</b>         |
| <b>NET POSITION AT BEGINNING OF MONTH</b>      | <b>\$ 73,013,425</b> |                                   |  |                        | <b>\$ 70,885,126</b>                 |  |                        |
| <b>NET POSITION AT END OF MONTH</b>            | <b>\$ 73,085,662</b> |                                   |  |                        | <b>\$ 70,407,005</b>                 |  |                        |

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended May 31, 2022  
(Unaudited)

|  | Comparison to Budget |                     |                     |                 | Comparison to Last Year |                    |                |
|--|----------------------|---------------------|---------------------|-----------------|-------------------------|--------------------|----------------|
|  | Year to Date         | Year to Date        | Variance            | Percentage      | Year to Date            | Variance           | Percentage     |
|  | Date                 | Budget              | Favorable           |                 | Last Year               | (Unfavorable)      |                |
|  | Amount               | (Unfavorable)       | Variance            | Amount          | (Unfavorable)           | Variance           |                |
| <b>OPERATING REVENUES:</b>                     |                      |                     |                     |                 |                         |                    |                |
| Residential                                    | \$ 16,521,978        | \$ 15,982,510       | \$ 539,469          | 3.38%           | \$ 12,253,692           | \$ 4,268,286       | 34.83%         |
| Commercial/Industrial                          | 11,808,670           | 11,698,606          | 110,063             | 0.94%           | 8,867,317               | 2,941,353          | 33.17%         |
| Sales to Public Authorities                    | 172,617              | 168,000             | 4,617               | 2.75%           | 167,670                 | 4,947              | 2.95%          |
| Other  | 520,366              | 568,100             | (47,734)            | -8.40%          | 530,382                 | (10,016)           | -1.89%         |
| <b>TOTAL OPERATING REVENUES</b>                | <b>29,023,631</b>    | <b>28,417,216</b>   | <b>606,415</b>      | <b>2.13%</b>    | <b>21,819,062</b>       | <b>7,204,570</b>   | <b>33.02%</b>  |
| <b>OPERATING EXPENSES:</b>                     |                      |                     |                     |                 |                         |                    |                |
| Purchased Power                                | 19,539,567           | 19,421,758          | (117,808)           | -0.61%          | 13,072,070              | (6,467,497)        | -49.48%        |
| Distribution                                   | 2,289,648            | 2,413,204           | 123,556             | 5.12%           | 1,950,611               | (339,037)          | -17.38%        |
| Customer Accounts                              | 379,484              | 380,400             | 916                 | 0.24%           | 384,284                 | 4,799              | 1.25%          |
| Customer Service & Informational               | 188,394              | 295,700             | 107,306             | 36.29%          | 169,492                 | (18,903)           | -11.15%        |
| Administrative Expenses                        | 2,677,414            | 3,065,900           | 388,486             | 12.67%          | 2,761,121               | 83,706             | 3.03%          |
| Depreciation                                   | 2,477,687            | 2,446,000           | (31,687)            | -1.30%          | 2,335,089               | (142,597)          | -6.11%         |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>27,552,195</b>    | <b>28,022,963</b>   | <b>470,768</b>      | <b>1.68%</b>    | <b>20,672,666</b>       | <b>(6,879,528)</b> | <b>-33.28%</b> |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>1,471,436</b>     | <b>394,254</b>      | <b>1,077,183</b>    | <b>273.22%</b>  | <b>1,146,395</b>        | <b>325,041</b>     | <b>28.35%</b>  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>       |                      |                     |                     |                 |                         |                    |                |
| Interest Income - Investments                  | 80,096               | 43,367              | 36,730              | 84.70%          | 51,056                  | 29,040             | 56.88%         |
| Interest Income - City of Kerrville            | 120,000              | 120,000             | -                   | 0.00%           | 130,000                 | (10,000)           | -7.69%         |
| Interest Expense - Debt                        | (77,617)             | (77,617)            | -                   | 0.00%           | (84,438)                | 6,821              | -8.08%         |
| Interest Expense - Customer Deposits           | (876)                | -                   | (876)               |                 | (4,125)                 | 3,249              | -78.77%        |
| City of Kerrville - General Fund Transfer      | (873,112)            | (853,700)           | (19,412)            | 2.27%           | (793,280)               | (79,832)           | 10.06%         |
| City of Ingram - Franchise Fees                | (21,640)             | (21,200)            | (440)               | 2.07%           | (19,618)                | (2,022)            | 10.31%         |
| Other - Net                                    | 21,694               | 11,440              | 10,254              | 89.64%          | (20,750)                | 42,445             | -204.55%       |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES):</b> | <b>(751,454)</b>     | <b>(777,710)</b>    | <b>26,257</b>       | <b>-3.38%</b>   | <b>(741,154)</b>        | <b>(10,299)</b>    | <b>1.39%</b>   |
| <b>INCOME BEFORE CONTRIBUTIONS</b>             | <b>719,983</b>       | <b>(383,457)</b>    | <b>1,103,440</b>    | <b>-287.76%</b> | <b>405,241</b>          | <b>314,742</b>     | <b>77.67%</b>  |
| <b>CAPITAL CONTRIBUTIONS</b>                   | <b>255,345</b>       | <b>72,000</b>       | <b>183,345</b>      | <b>254.65%</b>  | <b>158,670</b>          | <b>96,675</b>      | <b>60.93%</b>  |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ 975,328</b>    | <b>\$ (311,457)</b> | <b>\$ 1,286,785</b> | <b>413.15%</b>  | <b>\$ 563,911</b>       | <b>\$ 411,417</b>  | <b>72.96%</b>  |
| <b>NET POSITION AT BEGINNING OF YEAR</b>       | <b>\$ 72,110,334</b> |                     |                     |                 | <b>\$ 69,843,094</b>    |                    |                |
| <b>NET POSITION AT END OF MONTH</b>            | <b>\$ 73,085,662</b> |                     |                     |                 | <b>\$ 70,407,005</b>    |                    |                |

Kerrville Public Utility Board  
Balance Sheet  
As of May 31, 2022

| Assets and Deferred Outflows                   | May 31, 2022<br>(Unaudited) | September 30, 2021 | Net Position, Liabilities and Deferred Inflows       | May 31, 2022<br>(Unaudited) | September 30, 2021 |
|--|-----------------------------|--------------------|--|-----------------------------|--------------------|
| Utility Plant:                                 |                             |                    | Total Net Position                                   | \$ 73,085,662               | \$ 72,110,334      |
| Utility Plant in Service                       | \$ 92,726,699               | \$ 90,118,697      |  |                             |                    |
| Less: Accumulated Depreciation                 | (45,692,594)                | (44,085,063)       |  |                             |                    |
| Net Utility Plant in Service                   | 47,034,105                  | 46,033,634         |  |                             |                    |
| Construction Work in Progress                  | 1,046,245                   | 1,943,177          | Liabilities:   |                             |                    |
| Total Utility Plant                            | 48,080,350                  | 47,976,812         | Current Liabilities:                                 |                             |                    |
|  |                             |                    | Current Portion of 2013 Revenue Bonds                | 422,000                     | 411,000            |
| Restricted and Noncurrent Assets:              |                             |                    | Accrued Interest Payable                             | 9,594                       | 52,302             |
| Customer Deposits                              | 444,337                     | 493,781            | Accounts Payable - Purchased Power                   | 10,295,379                  | 10,295,379         |
| Interest and Sinking Fund                      | 246,167                     | 429,052            | Accounts Payable - Other                             | 669,270                     | 1,164,618          |
| Emergency, Repair, Replace, Contingency Fund   | 3,557,249                   | 3,546,912          | Over Collection of Power Cost Adjustment             | 2,111,924                   | 1,681,982          |
| Advance to City of Kerrville-2016              | 7,500,000                   | 7,500,000          | Total Current Liabilities                            | 13,508,166                  | 13,605,280         |
| Total Restricted and Noncurrent Assets         | 11,747,753                  | 11,969,744         | Noncurrent Liabilities:                              |                             |                    |
|  |                             |                    | 2013 Revenue Bonds, net of current portion           | 2,847,000                   | 3,269,000          |
| Current Assets:                                |                             |                    | Customer Deposits                                    | 444,337                     | 493,781            |
| Revenue Fund:                                  |                             |                    | Interest on Customer Deposits                        | 2,701                       | 3,178              |
| Cash and Cash Equivalents                      | 307,809                     | 511,280            | Net Pension & OPEB Liability                         | 1,132,935                   | 1,132,935          |
| Investments                                    | 21,777,527                  | 21,179,561         | Total Long-Term Liabilities                          | 4,426,973                   | 4,898,894          |
| Less: Customer Deposits                        | (444,337)                   | (493,781)          |  |                             |                    |
| Total Revenue Fund                             | 21,640,999                  | 21,197,060         | Total Liabilities                                    | 17,935,139                  | 18,504,175         |
| Construction Fund:                             |                             |                    | Deferred Inflows of Resources - Pension & OPEB       | 1,873,832                   | 1,873,832          |
| Cash and Cash Equivalents                      | 5,095                       | 5,081              |  |                             |                    |
| Investments                                    | 1,445,897                   | 1,442,338          |  |                             |                    |
| Total Construction Fund                        | 1,450,992                   | 1,447,419          |  |                             |                    |
| Rate Stabilization Fund:                       |                             |                    |  |                             |                    |
| Investments                                    | 1,902,796                   | 1,898,113          |  |                             |                    |
| Total Rate Stabilization Fund                  | 1,902,796                   | 1,898,113          |  |                             |                    |
| Long Term Rate Stabilization Fund:             |                             |                    |  |                             |                    |
| Investments                                    | 996,472                     | 904,094            |  |                             |                    |
| Total Rate Stabilization Fund                  | 996,472                     | 904,094            |  |                             |                    |
| Customer Accounts Receivable, net of allowance | 3,575,615                   | 3,710,840          |  |                             |                    |
| Materials and Supplies                         | 1,005,541                   | 955,314            |  |                             |                    |
| Other  | 975,791                     | 910,622            |  |                             |                    |
| Total Current Assets                           | 31,548,206                  | 31,023,461         |  |                             |                    |
| Deferred Outflow of Resources - Pension & OPEB | 1,518,324                   | 1,518,324          |  |                             |                    |
| Total Assets and Deferred Outflows             | \$ 92,894,633               | \$ 92,488,341      | Total Net Position, Liabilities and Deferred Inflows | \$ 92,894,633               | \$ 92,488,341      |

Kerrville Public Utility Board  
Invested Funds Detail  
For the Month Ended May 31, 2022

Restricted

|  | Date     | Restricted    |                      |                            |                                      |                      |                            |  | Total Funds<br>Invested |
|--|----------|---------------|----------------------|----------------------------|--------------------------------------|----------------------|----------------------------|--|-------------------------|
|  |          | Revenue Fund  | Construction<br>Fund | Rate Stabilization<br>Fund | Long Term Rate<br>Stabilization Fund | Debt<br>Reserve Fund | Interest & Sinking<br>Fund | Emergency Repair,<br>Replacement &<br>Contingency Fund |                         |
| Beginning Fund Balance                       |          | \$ 21,475,779 | \$ 1,444,761         | \$ 1,901,301               | \$ 995,688                           | \$ -                 | \$ 211,000                 | \$ 3,555,195   | \$ 29,583,723           |
| Withdrawals:                                 |          |               |                      |                            |                                      |                      |                            |  |                         |
| Happy Investment - TML                       | 05/02/22 | (63,887)      |                      |                            |                                      |                      |                            |  | (63,887)                |
| Happy Investment - ERCOT                     | 05/09/22 | (105,302)     |                      |                            |                                      |                      |                            |  | (105,302)               |
| Happy Investment - TMRS                      | 05/12/22 | (95,813)      |                      |                            |                                      |                      |                            |  | (95,813)                |
| Happy Investment - ERCOT                     | 05/13/22 | (397)         |                      |                            |                                      |                      |                            |  | (397)                   |
| Happy Investment - NextEra                   | 05/18/22 | (469,440)     |                      |                            |                                      |                      |                            |  | (469,440)               |
| Happy Investment - CPS                       | 05/18/22 | (1,212,445)   |                      |                            |                                      |                      |                            |  | (1,212,445)             |
| Happy Investment - ERCOT                     | 05/23/22 | (34,728)      |                      |                            |                                      |                      |                            |  | (34,728)                |
| Happy Investment - Concho Bluff              | 05/24/22 | (308,449)     |                      |                            |                                      |                      |                            |  | (308,449)               |
| Happy Investment - Engie                     | 05/24/22 | (89,394)      |                      |                            |                                      |                      |                            |  | (89,394)                |
| Happy Investment - DG Solar                  | 05/27/22 | (55,341)      |                      |                            |                                      |                      |                            |  | (55,341)                |
| Happy Investment - LCRA                      | 05/27/22 | (593,488)     |                      |                            |                                      |                      |                            |  | (593,488)               |
| Investments:                                 |          |               |                      |                            |                                      |                      |                            |  |                         |
| Happy Investment                             | 05/05/22 | 400,000       |                      |                            |                                      |                      |                            |  | 400,000                 |
| Happy Investment                             | 05/09/22 | 450,000       |                      |                            |                                      |                      |                            |  | 450,000                 |
| Happy Investment                             | 05/16/22 | 600,000       |                      |                            |                                      |                      |                            |  | 600,000                 |
| Happy Investment                             | 05/23/22 | 600,000       |                      |                            |                                      |                      |                            |  | 600,000                 |
| Happy Investment                             | 05/31/22 | 1,300,000     |                      |                            |                                      |                      |                            |  | 1,300,000               |
| Fund Balance after Withdrawals & Investments |          | 21,797,094    | 1,444,761            | 1,901,301                  | 995,688                              | -                    | 211,000                    | 3,555,195  | 29,905,039              |
| Allocation of:                               |          |               |                      |                            |                                      |                      |                            |  |                         |
| Interest Income                              | 5/31/22  | 14,558        | 1,137                | 1,496                      | 783                                  | -                    | 167                        | 1,224  | 19,364                  |
| Int Receivable (accrued on CD)               | 5/31/22  | 874           |                      |                            |                                      |                      |                            | 831  | 1,705                   |
| Total Interest Allocation                    |          | 15,432        | 1,137                | 1,496                      | 783                                  | -                    | 167                        | 2,054  | 21,069                  |
| Fund Balance After Allocations               |          | 21,812,526    | 1,445,897            | 1,902,796                  | 996,472                              | -                    | 211,167                    | 3,557,249  | 29,926,108              |
| Interfund Transfers :                        |          |               |                      |                            |                                      |                      |                            |  |                         |
| Debt Service                                 | 05/31/22 | (35,000)      |                      |                            |                                      |                      | 35,000                     |  | -                       |
| Ending Fund Balance                          |          | \$ 21,777,527 | \$ 1,445,897         | \$ 1,902,796               | \$ 996,472                           | \$ -                 | \$ 246,167                 | \$ 3,557,249   | \$ 29,926,108           |

Kerrville Public Utility Board  
 Computation of the Monthly and Annual Debt Service Coverage  
 For the Month Ended May 31, 2022

| Description                             | Current Month      | Fiscal Year         | Previous 12 Months  |
|---|--------------------|---------------------|---------------------|
| Change in Net Position                  | \$ 72,237          | \$ 975,328          | \$ 2,678,657        |
| Plus:                                   |                    |                     |                     |
| Interest Expense (net of amortizations) | 9,594              | 77,617              | 119,458             |
| Depreciation Expense                    | <u>313,262</u>     | <u>2,477,687</u>    | <u>3,688,990</u>    |
| Numerator                               | <u>395,093</u>     | <u>3,530,632</u>    | <u>6,487,106</u>    |
| DIVIDED BY:                             |                    |                     |                     |
| Interest Expense (net of amortizations) | 9,594              | 77,617              | 119,458             |
| Principal Payment Due                   | <u>35,167</u>      | <u>245,250</u>      | <u>416,500</u>      |
| Denominator                             | <u>\$ 44,760</u>   | <u>\$ 322,867</u>   | <u>\$ 535,958</u>   |
| Debt Service Coverage Ratio             | <u><u>8.83</u></u> | <u><u>10.94</u></u> | <u><u>12.10</u></u> |

|  |      |                    |
|--|------|--------------------|
| Minimum Requirement per Bond Covenant  | 1.35 | times Debt Service |
| Minimum Requirement Established by KPUB Board<br>for Good Business Practices | 1.65 | times Debt Service |

## MEMORANDUM

To: Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

From: Jo Anderson

Date: June 17, 2022

Re: Agenda Item No. 8 – Discussion of policy regarding establishing proof of ownership or right to occupy property before connection of electric service.

---

We were recently contacted by a property owner with a couple of different properties in our service area, who was not listed as a landlord in our system.

On May 4, 2022 a person turned on the power at one of the property owner's vacant properties. The CSR working in the lobby verified the customer's identity with her DL and SSN, which met our requirements for connecting service and paid a deposit.

The property owner spoke to KPUB staff and said the person who requested power was not her renter, and has no idea who the person was, and had no rental agreement with her.

It was explained to the property owner that KPUB cannot refuse service to someone and that service cannot be disconnected on someone else's account. The property owner can transfer the service into her own name for a \$10 transfer fee, but that doesn't stop the other person from turning around and turning the power back on into the other person's name.

The property owner requested this be brought to the board to question why KPUB does not require a rental agreement or some type of owner consent before an individual can just turn on the power and live at a property illegally.

We explained to her that it wasn't a requirement in our tariff, and not a common practice in our industry or with any of our neighboring utilities to require rental/ownership documents for starting service. The property owner still wanted this addressed to the board with "today's world we live in."

I have been working in this industry for over 40 years and have had maybe 10-12 similar situations. Of these cases, I can only think of maybe 3 or 4 that truly involved someone moving into a vacant home without the permission of the property owner. All other cases were situations like divorces, roommates, children of deceased parents, etc. and in some



of these cases, we have requested legal documentation as to who the property belongs to or whose name is on the lease. It can sometimes be difficult to ascertain who has legal rights of possession as lease agreements, rental agreements, power of attorneys, and even deeds can be fraudulent.

We currently have a notification system in place for landlord/property owners that (if the account is set as a landlord account) an email is sent to owner/landlord when properties connect/disconnect in and out of their name. These notifications are managed by the landlord through the SmartHub app. SmartHub will also show the landlord any account that has pending connect or disconnect as soon as a customer has submitted the request.

Upon request of the landlord/property owner an account can be noted with an "Alert!" that we need to contact the landlord in the event someone applies for service at that location. However, this method is not fool proof.

Sincerely,

A handwritten signature in black ink that reads "Jo Anderson". The signature is written in a cursive style with a large, looped "J" and "A".

Jo Anderson