



August 31, 2022

Mark Cowden, Chairman and Board Members
Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville, TX 78028

RE: Funding Request for FY 2022/2023

Dear Chairman Cowden,

The Kerr Economic Development Corporation continues on its mission of fostering the economic growth of the greater Kerrville area through the support of local industry, recruitment of companies, creation and retention of quality jobs, expansion of capital investment and infusion of new tax dollars into our community.

Please consider this letter as our request for annual funding of the KEDC.

Since our last budget request, the KEDC has worked on the following projects and programs for the Kerrville area:

- Hosted Texas Workforce Commissioner Brian Daniel and his announcement of \$188,000 in JET Grand Funds for the Ingram Independent School District. His visit has resulted in the development of several workforce programs for local companies.
- Recognized by the Texas Economic Development Council with the Economic Development and Workforce Excellence Award in the category of 15,000 to 40,000 population. The KEDC was No. 1 in the state in its respective division for its strategy and efforts in economic development during and post-pandemic.
- The continued development of the KerrEDGE Entrepreneur Center, which counts with more than 50 members and has launched a string of small start ups in the area.
- Supported Killdeer Mountain Manufacturing in the workforce and supply chain needs. The company has already hired 50-plus local employees, exceeding its goal of 50 employees by the end of 2022.
- Supported the Kerrville Airport in the recruitment of Rice Aircraft Services as part of our strategy to cultivate an aerospace and aviation cluster in the airport industrial area.
- Launched the inaugural KEDC Business & Innovation Forum 2021 at the Arcadia Theater, which attracted 260 attendees both in person and virtual. The 3-day event provided a series of entrepreneurial and leadership seminars as well as business networking opportunities.
- Convened a series of Quarterly Industry Roundtable discussions with Kerrville's top private employers.
- Coordinated three Industry Signing Showcase events where we recognized 30 Kerrville area graduating seniors who had been hired by local employers, specifically in the trades, medical and tourism sectors.



- Hosted the Stakeholder Retreat with our five stakeholder groups – EIC, City, County, KPUB and KEDC. The KEDC is currently compiling the data and information from the retreat with the consulting firm TIP Strategies for our Three Year Economic Development Strategic Plan.

We continue working, meeting and exceeding the goals and objectives set forth by the original 2-Year Roadmap & Economic Development Ecosystem, approved by all of our respective boards and stakeholders.

We appreciate your continued support in helping with the overall mission of growing and diversifying the economic base of the greater Kerrville area.

Sincerely,

A handwritten signature in black ink, appearing to read "Gilberto Salinas", is written over a light gray rectangular background.

Gilberto Salinas
Executive Director
Kerr Economic Development Corp.
1700 Sidney Baker, Ste. 100
Kerrville, Texas 78028

KERRVILLE ECONOMIC DEVELOPMENT CORPORATION

Budget Request FY 21-22

	Actual FY 18-19	Actual FY 19-20	Actual FY 20-21	Projected FY 21-22	Proposed Budget FY 22-23
Income					
40000 Income - Stakeholder funding					
40100 City of Kerrville	24,500	50,000	39,500	62,500	62,500
40200 EIC	140,000	220,000	197,500	312,500	312,500
40300 Kerr County	24,500	45,920	39,500	62,500	62,500
40400 KPUB	24,500	50,000	39,500	62,500	62,500
Total 40000 Income - Stakeholder Funding	213,500	365,920	316,000	500,000	500,000
4100 Sponsored Events					
41100 KerrEDC TopForty			2,000	4,000	4,000
41200 KerrEDGE			1,308		1,500
41300 Business & Innovation Forum			5,930	12,000	12,000
Total 41000 Sponsored Event Income			9,239	16,000	17,500
Uncategorized Income			32,812		
71000 Carryover Income	88,083	28,002	85,878	-29,897	-15,364
Total Income	301,583	393,922	443,928	486,103	502,136

Expenses					
60000 Business Expenses					
60100 Business Recruitment	4,396	17,897	9,100	4,365	6,000
60300 Website	16,683	4,022	11,022	12,000	12,000
60400 Marketing	4,000	8,084	11,258	10,631	10,000
60600 Design (Brochures, Publications)	4,406	1,441	5,846		
Total 60000 Business Expenses	29,486	31,443	37,226	26,996	28,000
61000 Contract Services					
61200 Accounting Fees	1,315	1,125	1,000	1,000	1,000
61300 Outside Contract Services	31,032	3,700	5,338	15,000	15,000
61400 Legal Fees			9,703		
61500 KEDC Service Agreement	55,400	32,150	8,900	8,900	2,400
Total 61000 Contract Services	87,747	36,975	24,941	24,900	18,400
63000 Operations					
63200 Supplies	1,828	1,016	1,864	252	2,000

63300 Telephone, Internet		304	474	500	500
63400 Training	3,640	2,390	1,550	169	1,500
63600 Postage	51	144	115	9	200
63700 Office Lease		4,800	9,660	9,600	9,600
63800 Software/Hardware	1,455	50	1,800	6,023	2,000
63900 IT Support Services		65			500
63910 Dues & Subscriptions	4,765	5,021	11,297	9,823	8,000
63920 Contingencies					
Total 63000 Operations	11,740	13,790	26,760	26,376	24,300
65000 Other Types of Expenses					
65100 Insurance - Liability, D and O	875	900	900	1,000	1,000
Total 65000 Other Types of Expenses	875	900	900	1,000	1,000
66000 Payroll Expenses					
66100 Board Discretionary	10,000		20,600	15,000	25,000
66200 Health Insurance		1,760	7,943	8,000	8,000
Retirement	11,847	5,287	11,141	12,000	12,000
Taxes	1,410	14,120	16,727	17,000	17,000
Wages	92,308	181,804	228,098	235,000	235,000
Total 66000 Payroll Expenses	115,565	202,971	284,509	287,000	297,000
68000 Travel and Meetings					
68100 Meals & Board Meetings	9,805	2,636	2,422	3,000	3,000
68200 Travel	6,411	7,210	4,309	5,000	5,000
68300 Mileage/Cell Phone	413	4,558	7,341	6,000	6,000
68400 Conference, Retreats, OOT	5,539	1,562	4,462	39,000	42,900
Total 68000 Travel and Meetings	22,168	15,965	18,535	53,000	56,900
69000 Sponsored Events Expenses					
69100 KerrEDC TopForty			11,201	17,000	12,000
69200KerrEDGE			34,587	11,890	15,000
69300 Business & Innovation Forum			28,667	47,305	20,000
Total 69000 Sponsored Events Expenses			74,455	76,195	47,000
Reimbursements	6,000	6,000	6,500	6,000	6,000
Total Expenses	273,580	308,045	473,825	501,467	478,600
Net Operating Income	28,003	85,878	-29,897	-15,364	23,536
EOY Fund Balance	\$36,991.78	\$101,456.59	91,738.68		

*stakeholder retreat

Sponsored Event Net Operating Income

	Actual FY 18-19	Actual FY 19-20	Actual FY 20-21	Projected FY 21-22	Proposed Budget FY 22-23
Total 41000 Sponsored Event Income			9,238.56	16,000.00	17,500.00
Total 69000 Sponsored Events Expenses			-74,455.17	-76,195.00	-47,000.00
Net Operating Income from Sponsored Events			-65,216.61	-60,195.00	-29,500.00

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, JULY 20, 2022, AT 8:30 A.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET
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
Robby McCutcheon, Director of IT
Tammie Riley, Director of Operations
Lidia Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
Gil Salinas, KEDC
David Martin, A3 Studio
Erin Kitt, Edisto
Sean Batura, Kerrville Daily Times

1. CALL TO ORDER:

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

2. PLEDGE OF ALLEGIANCE:

3. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Mr. Wittler highlighted Customer Service Representative, Kim Pierz, as the staff spotlight for the month. Ms. Pierz has been with KPUB for 19 years. He also highlighted KPUB community events including a Blood Drive on June 23rd with the next drive scheduled for September 22nd; and Weatherization Event at the Doyle Community Center in partnership with AACOG. KPUB is hosting a Pet Food Drive through July 31st benefiting Kerrville Pets Alive. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, September 7, 2022 at 8:30 a.m., with a Special Called Budget Workshop immediately following the regular meeting,*
- *Wednesday, September 21, 2022 at 8:30 a.m.,*
- *Wednesday October 19, 2022 at 8:30 a.m., and*
- *Wednesday November 16, 2022 at 8:30 a.m.*

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

Mr. Gilbert Salinas gave an update for the Board on KEDC activities. Mr. Salinas highlighted an Excellence Award they received at the TDC Conference in June for their body of work in developing an aerospace cluster; continuing progress of the entrepreneurial development center; development of a major family entertainment center; working with Schreiner University on federal grant opportunities; working with the Workforce Commission on developing ideas to bring people back into the workforce; and hosting another Business Innovation Forum in October. He also advised on their strategic plan, they are working with consultants on aspects discovered at the retreat which include workforce, housing and NIMBY attitudes in the community. Mr. Salinas added that KEDC will be presenting their budget request at next month's meeting, and welcomed members wanting to meet one on one with any questions on the budget or upcoming projects. Mr. Salinas added that the Killdeer Project has met their goal on workforce numbers, and will likely exceed that goal by the end of the year. Killdeer and KEDC has been invited by the Governor's Office to attend the Farnborough International Airshow (the second largest aerospace and defense trade show in the world); Killdeer is currently there establishing leads and relationships for future projects. Killdeer is also building the fiber optic cabling for all the major manufacturers, including Boeing's new Air Force One project, which is great for the Kerrville community. Board Members thanked Mr. Salinas for the update.

6. CONSENT AGENDA:

Glenn Andrew, Treasurer, made a motion to accept items in the consent agenda as presented. Mayor Judy Eychner seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

6A. APPROVAL OF MINUTES.

6B. RESOLUTION NO. 22-12 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

END OF CONSENT AGENDA

7. FINANCIAL REPORT AND APPROVAL OF RESOLUTION NO. 22-13 – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the financial statements for the month of June 2022. Ms. Dozier highlighted items that included a \$178K increase in net position; \$3.1M in operating revenue for the month (due to excessive heat, but revenue ended the month below budget due to purchased power costs that were significantly lower than expected); \$2.9M in operating expense; \$232K in operating income; \$3.2M in over collected power cost adjustment as of June 30, 2022; and \$30.9M 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 June, KPUB's over collection of power cost rose in June as actual cost was below \$95.00 as previously discussed. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$90.42, which is lower than the \$95.00 billed PCA. However, it is recommended to keep the PCA at \$95.00

due to ongoing litigation related to the February 2021 winter storm and the temporary reduction in solar revenue due to hail damaged solar panels at Concho Bluff. Ms. Dozier added the balance in the over collection of power cost is \$3,248,065 as of June 30, 2022. Current policy limits over collection of power cost to 10% of the annual power cost budget, or \$3,052,518 for FY2022. Accordingly, staff recommended a change to the Policy that would suspend the limit on over collection until final costs related to February 2021 are determined. A copy of Resolution 22-13 to approve that change was provided for the Board's review. Ms. Dozier also provided a power point presentation with the month's highlights and financial metrics from her memo.

Larry Howard, Vice Chairman, made a motion to approve Resolution No. 22-13 revising the policy for administration of the rate stabilization fund and other rate stabilization activities. Bill Thomas, Secretary, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

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

Ms. Dozier presented a proposal to remodel a portion of the warehouse. She highlighted the proposed areas to be done. Ms. Dozier advised over the last two months, staff worked with David Martin from A3 Studio to develop schematic drawings. JK Bernhard prepared a budget estimate based on the drawings. In addition, budget estimates have been added for IT work, fire panel work, furniture and asbestos removal. Ms. Dozier outlined the proposed budget by description and estimate. Also presented were the scope and plans described in the estimate for the Board's review. Staff requested direction from the Board on whether to proceed with this project. If so, the next step would be contracting with Mr. Martin to produce construction drawings; after which actual bids would be requested for the items shown. The project bids would then come back to the Board for final approval. Mr. Martin was available and answered questions from the Board. After discussion by the Board, staff was directed to proceed with the project and come back to the Board when bids are received.

9. ENGINEERING AND OPERATIONS PROJECTS, CAPITAL BUDGET AND RELIABILITY REPORTS – PAUL MARTINEZ, DIRECTOR OF ENGINEERING:

Mr. Martinez presented the Projects, Capital Budget and Reliability Reports for the third quarter of fiscal year end 2022. Major projects were presented in a new format, being a table showing the name, location and number of units in various states of design. He presented slides highlighting some of the projects discussed in the report. He also highlighted the Existing AMR Systems, Customer Extensions and Pole Inspection Replacements on the Capital Budget Report. Mr. Martinez concluded with the reliability report, showing the System Average Interruption Duration Index (SAIDI) for each substation. For ease of reference, SAIDI is read as consumer minutes and is the number of minutes each customer saw an outage for that location and that period of time; which is an industry standard metric. Board Members thanked Mr. Martinez for the reports.

10. 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 and Possible Action on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO

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, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Mr. Andrew so moved. Mr. Thomas seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 9:53 a.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 10:21 a.m.

11. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE SESSIONS:

No action taken by the Board.

12. ADJOURNMENT

Chairman Cowden adjourned the Regular Board Meeting at 10:23 a.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, JULY 20, 2022, AT 10:23 A.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET
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
Tammye Riley, Director of Operations
Lidia Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Erin Kitt, Edisto
Sean Batura, Kerrville Daily Times

I. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Special Called Meeting to order at 10:23 a.m.

II. STRATEGIC PLANNING WORKSHOP:

Ms. Erin Kitt of Edisto introduced herself to the Board. Ms. Kitt presented a power point presentation which reviewed the KPUB Strategic Plan process initiated in 2018, with updated information following meetings with staff. She reviewed the KPUB Mission, Vision, as well as the long terms goals and recent updates on the programs. She added that staff has developed goal and succession plans that will be monitored and reviewed as needed. Ms. Kitt concluded that KPUB knows itself well and staff has done a great job of informing people with crucial information as well as sponsored events benefitting the community. Mr. Wittler added that going forward, he will be sitting down with the Management Team more often in reviewing where KPUB stands with regard to the Strategic Plan. Board Members thanked Ms. Kitt for her presentation.

No further discussion by the Board.

III. ADJOURNMENT

Chairman Cowden adjourned the Special Called Meeting at 11:07 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: August 31, 2022

Re: Agenda Item No. 6B – Resolution No. 22-14

In accordance with Board resolution 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	CPS	June 2022	3,256,832.77	7/20/2022
2	Engie	June 2022	128,885.60	7/25/2022
3	ERCOT	CRR - Monthly August 2022	113,345.99	7/25/2022
4	Concho Bluff	June 2022	120,249.96	7/26/2022
5	DG Solar	June 2022	78,360.99	7/26/2022
6	LCRA	June 2022	596,195.31	7/28/2022
7	Garland Power & Light	June 2022	(1,055,608.99)	7/29/2022
8	ERCOT	CRR -Annual January 2024	39,767.06	8/8/2022
9	CPS	July 2022	3,457,781.95	8/18/2022
10	NextEra	July 2022	485,088.00	8/18/2022
11	Concho Bluff	July 2022	110,769.75	8/22/2022
12	DG Solar	July 2022	78,306.94	8/22/2022
13	Engie	July 2022	127,880.37	8/24/2022
14	LCRA	July 2022	598,207.79	8/29/2022
15	Garland Power & Light	July 2022	(2,644,842.42)	8/31/2022

Payroll:

1	Payroll	Pay period ending 7/16/2022	127,309.96	7/22/2022
2	Payroll	Pay period ending 7/30/2022	121,707.90	8/5/2022
3	Payroll	Pay period ending 8/13/2022	124,615.95	8/19/2022
4	Payroll Taxes	Pay period ending 7/16/2022	45,659.22	7/27/2022
5	Payroll Taxes	Pay period ending 7/30/2022	43,144.05	8/10/2022
6	Payroll Taxes	Pay period ending 8/13/2022	44,590.41	8/24/2022

Employee Benefits:

1	TML	Health Insurance - August	63,141.56	8/1/2022
2	TMRS	Pension - July Payroll	66,783.51	8/11/2022

	Vendor	Description	Amount	Date
Investment Transfers (from Operating Account to Investment Account at Happy State Bank):				
1	Happy State Bank	Investment Transfer	650,000.00	7/22/2022
2	Happy State Bank	Investment Transfer	450,000.00	7/26/2022
3	Happy State Bank	Investment Transfer	1,680,000.00	7/29/2022
4	Happy State Bank	Investment Transfer	350,000.00	8/2/2022
5	Happy State Bank	Investment Transfer	450,000.00	8/5/2022
6	Happy State Bank	Investment Transfer	500,000.00	8/9/2022
7	Happy State Bank	Investment Transfer	900,000.00	8/15/2022
8	Happy State Bank	Investment Transfer	500,000.00	8/19/2022
9	Happy State Bank	Investment Transfer	600,000.00	8/22/2022
10	Happy State Bank	Investment Transfer	600,000.00	8/26/2022
11	Happy State Bank	Investment Transfer	600,000.00	8/29/2022
12	Happy State Bank	Investment Transfer	2,800,000.00	8/31/2022

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,



Amy Dozier
Director of Finance

RESOLUTION NO. 22-14

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 7th day of September, 2022

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

MEMORANDUM

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

From: Amy Dozier

Date: August 31, 2022

Re: Agenda Item No. 7 – Financial Report

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

Highlights include:

- **\$322K increase in net position** for the month, **\$1.5M** increase in net position on a year-to-date (YTD) basis.
- **\$5.1M in operating revenue** for the month, **\$37.3M** on a YTD basis.
 - Operating revenue was 17% higher than budget for July due to:
 - ◆ 15% higher than budget kWh sales for July due to excessive heat
 - ◆ Higher than planned unit costs for purchased power due to high natural gas prices. The Concho Bluff solar hedge continues to underperform its potential due to hail damaged solar panels.
- **\$4.7M in operating expense** for the month, **\$35.2M** on a YTD basis.
 - Operating expense exceeds budget by \$804K or 21% for the month due to purchased power volume and price as explained above. All other operating expense categories totaled together are \$32K or 2.9% less than budget for the month.
- **\$407K in operating income** for the month, **\$2.1M** in operating income on a YTD basis.
- **\$3.2M in over collection of power cost adjustment** as of 7/31/2022, a **decrease of \$89K** from the prior month due high natural gas prices.
- **\$30.2M invested** in investment pools, CD's and an investment account at Happy State Bank. The investment account at Happy State Bank is completely liquid, fully collateralized, and earning 2.86% as of August 31, 2022.

The Power Cost Adjustment (PCA) remained at \$95.00 for July. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$91.27, which is lower than the \$95.00 billed PCA. However, the we recommend keeping the PCA at \$95.00 due to ongoing litigation related to the February 2021 winter storm and the temporary reduction in solar revenue that we are experiencing due to hail damaged solar panels at Concho Bluff.

Sincerely,



Amy Dozier
Director of Finance

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

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 2,962,078	\$ 2,439,722	\$ 522,356	21.41%	\$ 1,973,875	\$ 988,203	50.06%
Commercial/Industrial	2,087,591	1,868,877	218,715	11.70%	1,547,142	540,449	34.93%
Sales to Public Authorities	21,564	21,000	564	2.68%	21,362	202	0.95%
Other	41,365	50,600	(9,235)	-18.25%	53,207	(11,842)	-22.26%
TOTAL OPERATING REVENUES	5,112,598	4,380,199	732,399	16.72%	3,595,586	1,517,012	42.19%
OPERATING EXPENSES:							
Purchased Power	3,652,135	2,815,998	(836,137)	-29.69%	1,808,719	(1,843,416)	-101.92%
Distribution	326,344	307,773	(18,571)	-6.03%	278,269	(48,075)	-17.28%
Customer Accounts	56,074	48,400	(7,674)	-15.86%	50,561	(5,513)	-10.90%
Customer Service & Informational	25,926	37,600	11,674	31.05%	25,510	(417)	-1.63%
Administrative Expenses	331,034	383,300	52,266	13.64%	423,786	92,753	21.89%
Depreciation	314,489	308,500	(5,989)	-1.94%	301,427	(13,062)	-4.33%
TOTAL OPERATING EXPENSES	4,706,002	3,901,571	(804,430)	-20.62%	2,888,272	(1,817,729)	-62.93%
OPERATING INCOME (LOSS)	406,596	478,628	(72,032)	-15.05%	707,313	(300,717)	-42.52%
NONOPERATING REVENUES (EXPENSES):							
Interest Income - Investments	51,332	5,421	45,911	846.93%	4,251	47,081	1107.57%
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)		(248)	223	-90.01%
City of Kerrville - General Fund Transfer	(154,914)	(131,600)	(23,314)	17.72%	(146,618)	(8,296)	5.66%
City of Ingram - Franchise Fees	(3,515)	(3,300)	(215)	6.52%	(3,208)	(308)	9.59%
Other - Net	3,375	1,430	1,945	136.01%	475	2,900	610.87%
TOTAL NONOPERATING REVENUES (EXPENSES):	(98,341)	(122,643)	24,302	-19.82%	(140,808)	42,467	-30.16%
INCOME BEFORE CONTRIBUTIONS	308,255	355,985	(47,730)	13.41%	566,505	(258,250)	-45.59%
CAPITAL CONTRIBUTIONS	13,553	9,000	4,553	50.59%	22,695	496	2.18%
CHANGE IN NET POSITION	\$ 321,808	\$ 364,985	\$ (43,177)	11.83%	\$ 589,201	\$ (257,754)	43.75%
NET POSITION AT BEGINNING OF MONTH	\$ 73,264,100				\$ 70,239,608		
NET POSITION AT END OF MONTH	\$ 73,585,908				\$ 70,828,809		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 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 Amount	Favorable (Unfavorable)	Variance	Last Year Amount	Favorable (Unfavorable)	Variance
OPERATING REVENUES:							
Residential	\$ 21,252,036	\$ 20,514,442	\$ 737,593	3.60%	\$ 16,203,375	\$ 5,048,661	31.16%
Commercial/Industrial	15,216,605	15,356,744	(140,139)	-0.91%	11,931,405	3,285,200	27.53%
Sales to Public Authorities	215,693	210,000	5,693	2.71%	210,114	5,578	2.65%
Other	599,645	667,200	(67,555)	-10.13%	633,308	(33,664)	-5.32%
TOTAL OPERATING REVENUES	37,283,978	36,748,386	535,592	1.46%	28,978,203	8,305,775	28.66%
OPERATING EXPENSES:							
Purchased Power	25,041,915	24,962,818	(79,097)	-0.32%	17,654,037	(7,387,878)	-41.85%
Distribution	2,939,247	3,027,748	88,502	2.92%	2,472,976	(466,271)	-18.85%
Customer Accounts	482,584	477,000	(5,584)	-1.17%	472,927	(9,656)	-2.04%
Customer Service & Informational	243,838	370,800	126,962	34.24%	215,078	(28,760)	-13.37%
Administrative Expenses	3,359,624	3,831,100	471,476	12.31%	3,458,074	98,450	2.85%
Depreciation	3,106,336	3,062,500	(43,836)	-1.43%	2,937,684	(168,652)	-5.74%
TOTAL OPERATING EXPENSES	35,173,543	35,731,967	558,424	1.56%	27,210,777	(7,962,766)	-29.26%
OPERATING INCOME (LOSS)	2,110,435	1,016,420	1,094,016	107.63%	1,767,426	343,009	19.41%
NONOPERATING REVENUES (EXPENSES):							
Interest Income - Investments	163,512	54,208	109,304	201.64%	60,697	102,815	169.39%
Interest Income - City of Kerrville	150,000	150,000	-	0.00%	160,000	(10,000)	-6.25%
Interest Expense - Debt	(96,805)	(96,805)	-	0.00%	(105,359)	8,554	-8.12%
Interest Expense - Customer Deposits	(925)	-	(925)		(4,621)	3,695	-79.97%
City of Kerrville - General Fund Transfer	(1,123,425)	(1,104,000)	(19,425)	1.76%	(1,027,347)	(96,078)	9.35%
City of Ingram - Franchise Fees	(28,109)	(27,400)	(709)	2.59%	(25,086)	(3,023)	12.05%
Other - Net	27,154	14,300	12,854	89.89%	(28,876)	56,030	-194.04%
TOTAL NONOPERATING REVENUES (EXPENSES):	(908,598)	(1,009,696)	101,098	-10.01%	(970,591)	61,993	-6.39%
INCOME BEFORE CONTRIBUTIONS	1,201,837	6,723	1,195,114	17775.30%	796,835	405,002	50.83%
CAPITAL CONTRIBUTIONS	273,737	90,000	183,737	204.15%	188,879	84,857	44.93%
CHANGE IN NET POSITION	\$ 1,475,574	\$ 96,723	\$ 1,378,851	1425.56%	\$ 985,714	\$ 489,860	49.70%
NET POSITION AT BEGINNING OF YEAR	\$ 72,110,334				\$ 69,843,094		
NET POSITION AT END OF MONTH	\$ 73,585,908				\$ 70,828,809		

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

Assets and Deferred Outflows	July 31, 2022 (Unaudited)	September 30, 2021	Net Position, Liabilities and Deferred Inflows	July 31, 2022 (Unaudited)	September 30, 2021
Utility Plant:					
Utility Plant in Service	\$ 93,077,829	\$ 90,118,697	Total Net Position	\$ 73,585,908	\$ 72,110,334
Less: Accumulated Depreciation	(46,286,323)	(44,085,063)			
Net Utility Plant in Service	46,791,505	46,033,634			
Construction Work in Progress	1,529,898	1,943,177	Liabilities:		
Total Utility Plant	48,321,404	47,976,812	Current Liabilities:		
			Current Portion of 2013 Revenue Bonds	422,000	411,000
Restricted and Noncurrent Assets:			Accrued Interest Payable	28,781	52,302
Customer Deposits	443,090	493,781	Accounts Payable - Purchased Power	10,295,379	10,295,379
Interest and Sinking Fund	345,281	429,052	Accounts Payable - Other	838,065	1,164,618
Emergency, Repair, Replace, Contingency Fund	3,568,179	3,546,912	Over Collection of Power Cost Adjustment	3,158,919	1,681,982
Advance to City of Kerrville	7,500,000	7,500,000	Total Current Liabilities	14,743,145	13,605,280
Total Restricted and Noncurrent Assets	11,856,550	11,969,744			
			Noncurrent Liabilities:		
Current Assets:			2013 Revenue Bonds, net of current portion	2,847,000	3,269,000
Revenue Fund:			Customer Deposits	443,090	493,781
Cash and Cash Equivalents	849,043	511,280	Interest on Customer Deposits	2,576	3,178
Investments	21,940,988	21,179,561	Net Pension & OPEB Liability	1,132,935	1,132,935
Less: Customer Deposits	(443,090)	(493,781)	Total Long-Term Liabilities	4,425,601	4,898,894
Total Revenue Fund	22,346,941	21,197,060			
Construction Fund:			Total Liabilities	19,168,745	18,504,175
Cash and Cash Equivalents	5,110	5,081			
Investments	1,450,112	1,442,338	Deferred Inflows of Resources - Pension & OPEB	1,873,832	1,873,832
Total Construction Fund	1,455,222	1,447,419			
Rate Stabilization Fund:					
Investments	1,908,343	1,898,113			
Total Rate Stabilization Fund	1,908,343	1,898,113			
Long Term Rate Stabilization Fund:					
Investments	999,376	904,094			
Total Rate Stabilization Fund	999,376	904,094			
Customer Accounts Receivable, net of allowance	4,256,062	3,710,840			
Materials and Supplies	1,076,882	955,314			
Other	889,382	910,622			
Total Current Assets	32,932,208	31,023,461			
Deferred Outflow of Resources - Pension & OPEB	1,518,324	1,518,324			
Total Assets and Deferred Outflows	\$ 94,628,486	\$ 92,488,341	Total Net Position, Liabilities and Deferred Inflows	\$ 94,628,486	\$ 92,488,341

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

	Date	Revenue Fund	Restricted						
			Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt		Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
						Reserve Fund	Interest & Sinking Fund		
Beginning Fund Balance		\$ 22,729,204	\$ 1,447,512	\$ 1,904,921	\$ 997,584	\$ -	\$ 281,333	\$ 3,554,466	\$ 30,915,021
Withdrawals:									
Happy Investment - TML	07/01/22	(61,878)							(61,878)
Happy Investment - TMRS	07/13/22	(65,250)							(65,250)
Happy Investment - ERCOT	07/15/22	(239)							(239)
Happy Investment - NextEra	07/18/22	(469,440)							(469,440)
Happy Investment - CPS	07/20/22	(3,256,833)							(3,256,833)
Happy Investment - ERCOT	07/25/22	(113,346)							(113,346)
Happy Investment - Engie	07/25/22	(128,886)							(128,886)
Happy Investment - DG Solar	07/26/22	(78,361)							(78,361)
Happy Investment - Concho Bluff	07/26/22	(120,250)							(120,250)
Happy Investment - LCRA	07/28/22	(596,195)							(596,195)
Investments:									
Happy Investment	07/05/22	750,000							750,000
Happy Investment	07/11/22	600,000							600,000
Happy Investment	07/22/22	650,000							650,000
Happy Investment	07/26/22	450,000							450,000
Happy Investment	07/29/22	1,680,000							1,680,000
Fund Balance after Withdrawals & Investments		21,968,526	1,447,512	1,904,921	997,584	-	281,333	3,554,466	30,154,343
Allocation of:									
Interest Income	07/31/22	35,024	2,600	3,422	1,792	-	513	6,398	49,747
Int Receivable (accrued on CD)	07/31/22	874						-	874
Int Receivable (received on CD)	07/01/22							7,315	7,315
Total Interest Allocation		35,898	2,600	3,422	1,792	-	513	13,712	57,936
Fund Balance After Allocations		22,004,424	1,450,112	1,908,343	999,376	-	281,846	3,568,179	30,212,279
Interfund Transfers :									
Debt Service	07/31/22	(63,435)					63,435		-
Ending Fund Balance		\$ 21,940,988	\$ 1,450,112	\$ 1,908,343	\$ 999,376	\$ -	\$ 345,281	\$ 3,568,179	\$ 30,212,279

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

Description	Current Month	Fiscal Year	Previous 12 Months
Change in Net Position	\$ 321,808	\$ 1,475,574	\$ 2,757,100
Plus:			
Interest Expense (net of amortizations)	9,594	96,805	117,725
Depreciation Expense	314,489	3,106,335	3,715,045
Numerator	<u>645,890</u>	<u>4,678,714</u>	<u>6,589,870</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	9,594	96,805	117,725
Principal Payment Due	35,167	350,750	419,250
Denominator	<u>\$ 44,760</u>	<u>\$ 447,555</u>	<u>\$ 536,975</u>
Debt Service Coverage Ratio	<u>14.43</u>	<u>10.45</u>	<u>12.27</u>
Minimum Requirement per Bond Covenant		1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices		1.65	times Debt Service

MEMORANDUM

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

From: Amy Dozier

Date: September 1, 2022

Re: Agenda Item No. 8 – Quarterly Funds Report

Attached please find summary information from KPUB's quarterly funds report.

As of June 30, 2022, KPUB had \$29.8M invested in CD's, municipal investment pools and demand accounts at Happy State Bank. The majority of the funds (\$22.9M) are held in demand accounts at Happy State Bank. These accounts are fully collateralized, completely liquid and earning 2.86% as of September 1, 2022.

The investments were discussed with the Investment Committee following the July Board meeting. We discussed continued favorable rates that are now changing weekly following Happy State Bank's acquisition by Centennial Bank. Our plan is to continue the current strategy of holding completely liquid and fully collateralized investments at increasingly favorable rates until pending litigation is resolved.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive, flowing style.

Amy Dozier
Director of Finance

**Kerrville Public Utility Board
Schedule of Average Daily Balance of Fund
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended June 30, 2022**

Total Funds Invested

Day of the Month		April 2022		May 2022		June 2022		Totals
1	\$	30,778,365	\$	29,853,058	\$	30,191,686		
2		30,778,365		30,186,277		30,198,792		
3		30,778,365		30,266,018		30,440,242		
4		31,103,310		30,319,565		30,440,242		
5		31,215,374		30,172,564		30,440,242		
6		31,126,467		30,386,564		30,622,851		
7		31,083,338		30,386,564		30,739,971		
8		31,409,571		30,386,564		30,826,603		
9		31,409,571		30,534,461		30,703,814		
10		31,401,021		30,614,819		30,945,586		
11		31,700,982		30,714,565		30,945,586		
12		31,823,727		30,513,818		30,945,586		
13		31,887,599		30,675,321		31,216,765		
14		31,757,915		30,675,321		31,377,504		
15		31,681,173		30,675,321		31,448,262		
16		31,777,975		31,011,289		31,334,172		
17		31,681,173		31,083,027		31,157,248		
18		31,323,760		29,440,477		31,161,338		
19		31,349,735		29,474,789		31,157,248		
20		30,101,331		29,697,175		31,157,248		
21		29,829,384		29,697,175		29,547,041		
22		30,058,458		29,697,175		29,406,420		
23		30,058,458		30,043,963		29,185,835		
24		30,058,458		29,722,730		29,469,784		
25		30,433,842		29,781,340		29,469,784		
26		30,423,653		29,691,245		29,469,784		
27		30,424,546		29,209,924		29,937,715		
28		29,547,396		29,209,924		29,394,958		
29		29,837,887		29,209,924		29,493,476		
30		29,853,058		29,209,924		31,198,527		
31		-		30,179,009		-		
Total of daily balance	\$	926,694,258	\$	932,719,888	\$	914,024,310		
Average daily balance	\$	29,893,363	\$	30,087,738	\$	29,484,655	\$	29,821,919
Interest earnings	\$	15,381	\$	21,432	\$	32,078	\$	68,890
APR ----->		0.63%		0.84%		1.32%		0.93%

**Kerrville Public Utility Board
Schedule of Other Investment Facts
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended June 30, 2022**

Total Funds Invested by Fund

Fund	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Revenue	\$ 22,729,204	\$ 48,482	\$ 10,750
Construction	1,447,512	3,478	900
Rate Stabilization	1,904,921	4,577	1,675
Long Term Rate Stabilization	997,584	2,397	575
Debt Reserve	-	-	-
Interest & Sinking	281,333	554	138
Emergency, Repair, Replace & Cont. Fund	3,554,466	8,172	2,225
Revenue Fund - Checking Account	283,507	1,231	-
Total	\$ 31,198,527	\$ 68,890	\$ 16,263

Total Funds Invested by Security

Type of Security	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Certificate of Deposit	10% \$ 3,004,194	\$ 5,478	\$ 1,580
TEXPOOL	1% 252,130	403	133
LOGIC	16% 5,013,235	10,030	2,637
Happy State Bank - Investment	73% 22,645,461	51,748	11,912
Checking Account	1% 283,507	1,231	-
Totals	100% \$ 31,198,527	\$ 68,890	\$ 16,263