

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, NOVEMBER 16, 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
Tammye Riley, Director of Operations
Howard Hall, Field Services Supervisor
Jill Cook, Accounting Supervisor
Damon Richardson, Purchasing Agent
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Stephen Schulte, Legal Counsel

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 KPUB's October social media campaign. MaryEllen Cuellar, Customer Service Representative II, was highlighted as the November staff spotlight for the month. Ms. Cuellar has been with KPUB for one year. Past community events included the Habitat for Humanity Golf Tournament on October 24th, Tivy Career Day on October 28th, Light on the Hill Food Pantry Event on October 31st, and Family Fright Night on October 31st. KPUB recognized veteran employees Tom Alexander and Linda Ortega for Veterans Day. Employees participated in on-site hurtman rescue training. Holiday decorations and Courthouse Christmas Tree are being put up. Another Blood Drive is scheduled for December 1st. He added that the 35th Anniversary Board Luncheon is scheduled for November 30th and the Employee Holiday Celebration is scheduled for December 9th. Larry Howard, Vice Chairman, added that he and Ms. Bueche

will be going over the KPUB scholarship applications on December 29th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, December 14, 2022 at 8:30 a.m. (one week earlier than normal),*
- *Wednesday, January 18, 2023 at 8:30 a.m., and*
- *Wednesday, February 15, 2023 at 8:30 a.m.*

5. CONSENT AGENDA:

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

5A. APPROVAL OF MINUTES.

5B. RESOLUTION NO. 22-17 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

5C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Quote #3137, 3138 & 3139 – Transformers (Damon Richardson, Purchasing Agent)
- 2a. Fleet Maintenance (Howard Hall, Supervisor of Field Services)
- 2b. Fleet Sales (Howard Hall, Supervisor of Field Services)
- 2c. Fleet Purchase (Howard Hall, Supervisor of Field Services)
3. Warehouse Furniture Purchase (Amy Dozier, Director of Finance)

END OF CONSENT AGENDA

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

Ms. Dozier presented the financial statements for the fiscal year ended September 30, 2022; industry comparison metrics for FY2022; and the financial statements for the month ended October 31, 2022. Ms. Dozier noted that year-end financial results had changed since the preliminary statements presented last month, showing a \$1.9M increase in net position; \$46.2M in operating revenue; \$43.7M in operating expense; \$2.5M in operating income; \$3.8M in over collected power cost adjustment as of September 30, 2022; and \$31.6M invested in investment pools, CD's and an investment account at Happy State Bank. She added that the Board will receive a draft of KPUB's annual report in December with the Auditors BSG&M presenting the annual report at January's board meeting. Ms. Dozier noted the October financial statements showed a \$192K increase in net position; \$4.2M in operating revenue; \$4.0M in operating expense; \$196K in operating income; \$3.5M in over collected power cost adjustment as of October 31, 2022; and \$31.0M in investments. The Power Cost Adjustment (PCA) was set at \$102.50 in November. Actual power costs for October equate to a neutral power cost adjustment factor of \$104.59, which resulted in a \$383K decrease in the over collection account. Ms. Dozier also provided a power point presentation with the mentioned highlights. Multiple financial and operating metrics from FY2022 were compared to the latest industry metrics published by APPA in 2022 covering the 2020 operating period. APPA breaks metrics out by customer count, region and power generation class to facilitate more useful comparisons. She advised KPUB's metrics compare favorably, especially the metrics related to debt, distribution expense, customer expense, capital spending and rates.

7. **CONSIDERATION AND ACTION ON SEPTEMBER QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented summary information from the Quarterly Funds Report. She advised that as of September 30, 2022, KPUB had \$31.6M invested in CD's, municipal investment pools and demand accounts at Happy State Bank. The majority of the funds (\$23.3M) are held in demand accounts at Happy State Bank. These accounts are fully collateralized, completely liquid and earning 4.19% as of November 10, 2022. The investments were discussed with the Investment Committee following the October Board meeting. Also discussed continued favorable rates at Happy State Bank that change weekly and continue to rise as the Federal Reserve raises its interest rates. The plan is to continue the current strategy of holding completely liquid and fully collateralized investments at increasingly favorable rates until pending litigation is resolved. Larry Howard, Vice Chairman motioned to accept the quarterly funds as presented. Bill Thomas, Secretary, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

8. **MOTION TO VOTE AND 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, generation 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. 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 8:48 a.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 9:33 a.m.

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

No action taken by the Board.

10. **ADJOURNMENT**

Chairman Cowden adjourned the Regular Board Meeting at 9:33 a.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

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

From: Amy Dozier

Date: December 7, 2022

Re: Agenda Item No. 6B – Resolution No. 22-18

In accordance with Board resolution 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between November 10, 2022 and December 7, 2022 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	NextEra	October 2022	\$ 485,088.00	11/17/2022
2	CPS	October 2022	1,314,767.31	11/17/2022
3	ERCOT	Monthly - December 2022	51,076.98	11/21/2022
4	Concho Bluff	October 2022	90,057.44	11/22/2022
5	DG Solar	October 2022	54,852.97	11/23/2022
6	Engie	October 2022	77,339.13	11/25/2022
7	LCRA	October 2022	608,169.36	11/28/2022
8	Garland Power & Light	October 2022	(278,501.28)	11/30/2022
Payroll:				
1	Payroll	Pay period ending 11/5/2022	126,164.72	11/11/2022
2	Payroll	Pay period ending 11/19/2022	127,377.65	11/25/2022
3	Payroll Taxes	Pay period ending 11/5/2022	44,836.72	11/16/2022
4	Payroll Taxes	Pay period ending 11/19/2022	44,953.77	11/30/2022
Employee Benefits:				
1	TML	Health Insurance - December	61,884.42	12/1/2022
2	TMRS	Pension - November Payroll	69,033.19	12/7/2022
Investment Transfers (from Operating Account to Investment Account at Happy State Bank)				
1	Happy State Bank	Investment Transfer	450,000.00	11/15/2022
2	Happy State Bank	Investment Transfer	550,000.00	11/21/2022
3	Happy State Bank	Investment Transfer	1,050,000.00	11/30/2022

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

Sincerely,

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

Amy Dozier
Director of Finance

RESOLUTION NO. 22-18

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 14th day of December, 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: December 7, 2022

Re: Agenda Item No. 6C – Investment Policy

Resolution No. 22-19 and Board Policy 44 – Investment Policy and Strategy (Policy) are presented for your consideration. The Public Funds Investment Act (Act) requires an annual review and adoption of an investment policy and authorized brokers and dealers.

This year, KPUB's policy was reviewed by:

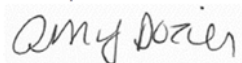
1. **Steve Schulte**, Attorney. As KPUB's General Counsel, Steve reviewed and approved the attached investment policy as to form.
2. **Stephanie Leibe**, Partner at Fulbright & Jaworski. As KPUB's Bond Counsel, Stephanie reviewed and approved the attached investment policy for legality and content.

A final and red-lined version of the proposed policy is attached. Changes to the policy include:

- Revised language stating that investment officers will comply with training requirements under state law instead of listing the requirements. The revised language means that the policy will be compliant with state law even if the legislature makes changes to the training requirements.
- Similar to the training change, revised language in the reporting section to refer to requirements in the Act, rather than list them in the policy.
- Removed the annual report since the Act only requires quarterly reports. This is consistent with the City of Kerrville's policy as well.
- Removed an internal compliance audit sentence since the audit required by the Act is done by an external auditor and the compliance is verified by the Investment Officer each quarter as part of the quarterly report.

Staff recommends approval of Resolution No. 22-19.

Sincerely,



Amy Dozier
Director of Finance

<p style="text-align: center;">KERRVILLE PUBLIC UTILITY BOARD</p> <p style="text-align: center;">BOARD POLICY 44</p>	
Title: Investment Policy and Strategy	
Effective Date: December 14, 2022	Resolution No. 22-19
Replaces: December 15 2021	Resolution No. 21-31

44.00 SCOPE

This investment policy (the “Policy”) applies to all the financial assets of Kerrville Public Utility Board ("KPUB"), its investment activities and bank depository agreements. All funds shall be administered in accordance with the provision of this Policy. All other funds which may be created are included under this Policy unless specifically excluded by the Board of Trustees (the “Board”). This Policy does not apply to funds managed under separate pension investment programs.

44.10 POLICY STATEMENT

The KPUB’s investments will be made in accordance with applicable laws, Board policies, this Policy, and the restrictions in current KPUB bond ordinances and resolutions. Selection of brokerage firms must be approved by the Board annually. Local investment pools in which the KPUB participates shall be approved by action of the Board. Investment of KPUB funds will be transacted in accordance with the Texas Public Funds Investment Act Chapter 2256, as amended, Texas Government Code (the “Act”). Depository collateral shall be controlled under the terms of the Texas Public Funds Collateral Act Chapter 2257, as amended, Texas Government Code. Effective cash management is recognized as a foundation of this Policy. The Director of Finance is responsible for implementing this Policy.

44.20 OBJECTIVES

The primary objective of KPUB's investment activity is the preservation and safety of principal and maintenance of sufficient liquidity to meet anticipated expenditures. The objectives shall also include diversification and attainment of reasonable yield subject to compliance with this policy and the Internal Revenue Code of 1986, as amended, within the cash flow constraints of KPUB.

Each investment decision shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. KPUB's investment portfolio will remain sufficiently liquid to meet KPUB’s operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by

investing in securities with active secondary markets as well as maintaining a minimum one-month liquidity buffer.

44.21 KPUB's portfolio shall be invested in high-credit quality securities. Funds shall be diversified to manage market price risks and default risks that would jeopardize the assets available to accomplish their stated objective. Funds shall never be invested in a manner inconsistent with this Policy and applicable federal and state laws and regulations.

44.22 All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in KPUB. The Board recognizes that in a diversified portfolio, occasional measured unrealized losses due to market volatility are inevitable and must be considered within the context of the overall portfolio's investment market value, provided that adequate diversification has been implemented. Strict adherence to provisions of Bond Ordinance No. 2013-21, or to any subsequent revenue bond ordinance, shall always apply.

44.30 ASSIGNMENT OF RESPONSIBILITIES

44.31 KPUB Board

The KPUB Board retains the ultimate fiduciary responsibility for the investment of its funds (Section 2256.005(f) of the Act). The Board will:

- adopt a written investment policy and strategy statement at least annually,
- designate investment officers,
- adopt a list of authorized broker/dealers at least annually,
- designate an investment committee, and
- accept quarterly investment reports.

44.32 Investment Committee

There is hereby created an Investment Committee, consisting of the General Manager and Chief Executive Officer, Director of Finance and two KPUB Trustees.

The Investment Committee shall meet at least quarterly to determine general strategies and to monitor results. The Investment Committee shall include in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to KPUB's funds, authorized investment advisors and broker/ dealers, and appropriate competitive and reasonable benchmarks for the investment portfolio. The Investment Committee may approve the broker/dealer list annually and approve the sources for investment training. The Investment Committee shall report to the Board after each quarterly meeting and submit the Investment Officer's report on investment activities for the past quarter. The Investment Committee shall establish its own rules or procedures, compliant with this Policy and schedule additional meetings when deemed necessary.

44.33**Investment Officers**

The Director of Finance and Accounting Supervisor are designated as the Investment Officers for KPUB. Management responsibility for the investment program is hereby delegated to the Director of Finance, who shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to subordinate staff processing investment transactions. No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate staff. The Investment Officer shall disclose relationships by blood or marriage and any "personal business relationship" with sellers of investments to both the Board as determined by Chapter 573, Texas Government Code, and to the Texas Ethics Commission as defined in the Act (Section 2256.005(i)) if required by the Act. The Investment Officer shall also file a conflict disclosure statement with respect to a vendor, as applicable and pursuant to Chapter 176, Texas Local Government Code, as amended, and any conflict disclosure statement required by the Board.

44.34**Standard of Care**

Investments shall be made with exercise of judgment and due care under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs. Investments shall not be speculative, but for investment, and will consider the probable safety of their capital as well as the probable income to be derived. Investment of funds shall be governed by the following principles, in order of priority:

- (1) Preservation and safety of capital (including diversification),
- (2) Liquidity,
- (3) Yield.

44.35**Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict (or have the appearance of conflict) with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

44.36**Officer Training**

All designated Investment Officers shall comply with training requirements under state law.

44.40**REPORTING**

The Director of Finance, as the Investment Officer, shall submit quarterly, or more often as directed by the Board, an investment report to the General Manager and Chief Executive Officer, and the Board. The report shall include all items required by the Act (Section 2256.023) and shall summarize the investment strategies

employed in the most recent quarter. The Director of Finance shall sign and certify that the report represents compliance with this Investment Policy and the Act.

44.41 Audits

Yearly audits must be made of compliance with the management controls on investments and with the Act. The quarterly investment reports must be formally reviewed annually by an independent auditor for compliance with the Act and the results of the review reported to the Board.

44.50 AUTHORIZED INVESTMENTS

Assets or funds of KPUB may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPUB until this Policy is reviewed, amended, and adopted by the Board. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment (“DVP”) to the KPUB contracted safekeeping institution.

- (a) Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in construction funds;
- (b) Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
- (c) Fully NCUSIF insured share certificates from credit unions domiciled in the State of Texas meeting all other requirements set forth in the Act (Section 2256.010) with a maximum maturity of two (2) years;
- (d) Repurchase agreements collateralized only by cash and obligations of the United States or its agencies and meeting all other requirements set forth in the Act (Section 2256.011). Flex repurchase agreements may be utilized for bond construction funds to match anticipated expenditure limits and may extend beyond five years to match anticipated expenditures. Section 2256.000 limits reverse security repurchase agreements to 90 days;
- (e) Local government investment pools rated not less than AAA, or an equivalent rating by at least one nationally recognized rating service which strive to maintain a \$1 net asset value and meeting all other requirements of

the Act (Section 2256.016). The Board must approve by resolution, participation in any pool;

- (f) Fully insured brokered certificate of deposit securities from any US state, delivered versus payment to KPUB safekeeping. The broker must be on the authorized broker/dealer list of KPUB and meet all other requirements set forth in the Act (Section 2256.010), including a main or branch office in Texas. Before purchase the Investment Officer must verify the FDIC status of the bank or banks;
- (g) Fully FDIC or NCUSIF insured or collateralized interest-bearing accounts of any bank or credit union doing business in Texas;
- (h) A1/P1 or equivalent rated domestic commercial paper with a maximum maturity of 270 days and meeting all other requirements of the Act (Section 2256.013); an AAA rated SEC-registered money market mutual funds which strive to maintain a \$1 net asset value and meets all other requirements set forth in the Act (Section 2256.014(a)).

The maximum allowable stated maturity of any individual investment owned by KPUB shall be not more than five years, extending to ten years in construction funds.

44.51 Mark-to-market

All individual securities held in the portfolio shall be marked to market and reported as of the close of business on the last day of each month. Market prices are to be obtained from an independent source.

44.52 Delivery versus payment settlement

All securities shall be purchased using DVP so that no funds are released prior to receiving the security into safekeeping. The securities shall be delivered to KPUB's depository bank and held on behalf of KPUB. Safekeeping receipts/reports shall be delivered to KPUB. The depository should provide a monthly report of KPUB holdings.

44.60 HEDGING

This policy considers 2 types of hedges – market and internal. A market hedge would be used for investment purposes and purchased through an external broker. An internal hedge specifically relates to managing the price paid for purchased power using the terms of existing purchased power agreements.

44.61 Market Hedge

In accordance with the Act (Section 2256.0206) KPUB may enter hedging market contracts if it meets the principal and debt requirements as an “eligible entity.” The Board must adopt a separate hedging policy prior to any hedging market transaction, and such transaction must be made in accordance with CFTC and SEC

requirements. Hedging transactions may include financial agreements such as put and call options, producer price agreements, or futures contracts. A hedging market strategy should be utilized and reviewed quarterly by the Investment Committee.

44.62 Internal Hedge

In addition to market-based investment strategies for recognized funds, the Power Supply Committee may create and monitor an internal hedge strategy related to purchased power prices. Renewable energy sources (wind and solar) are designed to act as a hedge against purchased natural gas. In addition, an internal hedge may include natural gas price locks executed through the terms of KPUB's existing purchased power agreement with CPS Energy. Specific internal hedge strategies will be reviewed and approved at least semi-annually by the Power Supply Committee.

44.70 INVESTMENT STRATEGIES

Investments may be commingled for investment purposes while still addressing the unique needs of each defined fund. A pro-active ladder portfolio structure, based on anticipated cash flow needs, will be used to fund anticipated liabilities. The KPUB portfolio is designed as a buy-and-hold pro-active portfolio with minimal anticipated trading. The total portfolio shall have a maximum weighted average maturity of two years. Construction funds may have a maximum weighted average maturity of three years. The benchmarks for the total portfolio will be the comparable period two and three year Treasury Notes.

In accordance with this Policy's objectives, the fund type investment strategies address the following:

- 1) Suitability of investments,
- 2) Preservation and safety of principal,
- 3) Liquidity,
- 4) Potential marketability of investments in case of required liquidation, and
- 5) Diversification and yield considerations.

All designated fund investments must meet credit and safety criteria as required by the Act. Due to the overall short-term nature of the portfolio, involuntary investment liquidations are unlikely for any of the funds; however, should liquidations be necessary, the limited maturity of the securities should make material losses unlikely.

The various funds' investments will be structured to achieve competitive yields, given the pertinent liquidity requirements, and they will be compared against appropriately competitive and reasonable benchmarks. The overall portfolio shall not exceed a maximum weighted average maturity (WAM) of two (2) years.

44.71 Strategy by fund type

The Bond Ordinance No. 2013-21 requires a System Fund, a Bond (Interest and Sinking) Fund, and a Reserve (Debt Reserve) Fund. The Bond Ordinance

requirements for amounts set aside in the Reserve Fund are suspended as long as the Pledged Revenues for each Fiscal Year are equal to at least 135% of the Average Annual Debt Service Requirements.

The Board has divided the System Fund into the following funds: Revenue Fund; Construction Fund; Emergency Repair, Replacement, and Contingency Fund; Rate Stabilization Fund; and Long Term Rate Stabilization Fund.

44.72 Revenue Fund

The Revenue Fund requires a high degree of liquidity to meet ongoing operational needs. High credit quality securities provide marketability should liquidity needs arise. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.73 Construction Fund

The Construction Fund is to be structured to meet known construction payment requirements. Due to long construction periods the maximum maturity for these funds shall be ten (10) years and the maximum WAM shall be three (3) years. A ladder portfolio strategy using high credit quality securities will be based on known expenditure plans. The Construction Fund will be compared against appropriately competitive and reasonable benchmarks. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.74 Debt Reserve Fund

The Debt Reserve Fund is created to provide reserves to meet any shortfalls in the Interest and Sinking Fund. As Debt Reserve Funds are not anticipated to be utilized, short investments targeting the semi-annual debt service payments will be utilized. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.75 Interest and Sinking Fund

The Interest and Sinking Fund investments will be designed to meet the twice yearly bond payment requirements for which the funds are accumulated. Investments will be structured to meet the current debt payment date and no extension shall be made until the preceding payments have been fully funded. Investments shall strive to achieve competitive yields. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.76 Emergency Repair, Replacement, and Contingency Fund

The Emergency Repair, Replacement, and Contingency Fund was established to provide for emergency repairs and/or replacement of capital assets damaged by catastrophes, acts of God, or other disasters, and to fund unforeseen projects of the Board in excess of \$100,000 (so as to level the impact on electric tariffs from those unbudgeted projects). Investments in the Emergency Repair, Replacement, and Contingency Fund shall be high credit quality, short and intermediate securities

with a one month liquidity buffer. The use of this fund will be initiated by Board action.

44.77 Rate Stabilization Fund

The Rate Stabilization Fund was established to minimize the exposure of the KPUB consumers to extreme or significant power supply volatility. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer recommending transfers from the Rate Stabilization Fund to the Revenue Fund to fund expenses or charges for significant increases in purchase power, fuel or other expenses as deemed appropriate and to minimize the exposure of KPUB's consumers to extreme or significant power supply volatility.

The Rate Stabilization Fund shall include investments suitable for a fund requiring a moderate degree of liquidity but allowing for short maturity extensions under one year.

44.78 Long Term Rate Stabilization Fund

The Long Term Rate Stabilization Fund was established to minimize the exposure of KPUB customers to long term power supply volatility. The use of this fund will be initiated by Board action to fund acquisition of equity positions in generation resources, pre-purchase fuel agreements, investment in infrastructure, and other actions to limit long term exposure to ERCOT market volatility.

The Long Term Rate Stabilization Fund shall include investments suitable for a fund requiring only a moderate degree of liquidity. The maturity of these investments should be coordinated to support KPUB's Integrated Resource Plan. Other criteria may be used in making this investment maturity decision such as arbitrage considerations, flexibility, and marketability.

44.79 Federal Income Tax Limitations on Investments

The Board recognizes that the provisions of Bond Ordinance No. 2013-21 and the Internal Revenue Code of 1986, as amended (the "Code") impose certain restrictions upon the investment of KPUB funds. While the investment strategies of the Board include goals to maximize the yield on any investments, the Board recognizes that certain investments must be made at yields at or below the yields on KPUB's outstanding revenue bonds to comply with the provisions of the aforementioned ordinance and the Code. The Board recognizes that excess earnings may activate rebate provisions but the goal will be to match all available earnings potential.

44.80 BANKS AND BROKER/DEALERS

A banking services depository shall be selected through KPUB's procurement process, which shall include a formal request for proposals issued at least every five years. Other financial institutions may be designated as depositories for other time and demand deposits. In selecting the banking services depository, the credit worthiness of institutions, earnings potential and service costs shall be considered,

and the Director of Finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history along with the estimated cost of the banking services to be provided to KPUB.

44.81 Banks: Banks and savings banks seeking to establish eligibility for KPUB's time or demand deposits shall submit annual audited financial statements, evidence of Federal insurance and other information as required by the Director of Finance.

44.82 Broker/dealers: The Investment Committee or Board shall approve a list of authorized broker/dealers recommended by the Investment Officer no less than annually. The list is shown as Exhibit A of this policy. Annual adoption of the approved list will occur at the same time as the annual adoption of the investment policy.

Broker/dealers shall provide to the Investment Officer the following:

- Annual financial statements (required annually),
- Registration with FINRA and the firm's FINRA CRD number, and
- Registration with the Texas State Securities Board.

Each broker/dealer will be provided the current Policy.

Investment Officers in their dealing with KPUB funds shall not conduct business with any securities dealer with whom or through whom public entities have sustained losses on investments.

44.83 Local Government Investment Pools: Pools must provide a policy certification to certify that they have received and reviewed the KPUB investment policy and meet all requirements set forth in the Act (Section 2256.016). Investment pools or investment management firms offering to engage in an investment transaction with KPUB must comply with the requirements of this Policy.

44.90 COLLATERAL

44.91 Collateral Pledged to KPUB:

All time and demand deposits shall be secured by KPUB authorized collateral with a market value equal to at least 102 percent of the daily time and demand deposits, plus any accrued interest, less any amount insured by FDIC. Evidence of the pledged collateral shall be maintained by the Director of Finance and collateral shall be held by an independent third-party financial institution approved by KPUB. The pledging institution or the custodian shall provide a monthly listing of the collateral. The collateral report will be reviewed monthly by the Director of Finance to assure the market value of the securities pledged equals or exceeds the related bank collected balances. The custodian of these pledged securities must be:

- 1) A state or national bank that:
 - a) Is designated by the Comptroller as a state depository,
 - b) Has its main office or a branch office in this state, and

- c) Has capital stock and permanent surplus of \$5 million or more;
- 2) A Federal Reserve Bank or a branch of a Federal Reserve Bank; or
- 3) A Federal Home Loan Bank.

Only securities allowed by the Public Funds Collateral Act, Chapter 2257, as amended, Texas Government Code shall be eligible to be pledged as collateral. KPUB will authorize letters of credit as collateral but will give preference to pledged securities.

KPUB's designated custodian shall provide a current list of all pledged investment securities monthly. The list must include (for each pledged investment security): KPUB's name; the CUSIP number of the security; par amount and maturity date of the security.

44.92 Collateral Owned by KPUB

Collateral underlying repurchase agreements are owned by KPUB and must have a market value equal to at least 102 percent daily monitored and reported daily by the counter-party. Collateral shall be held by an independent third-party financial institution approved by KPUB using a DVP settlement.

Authorized collateral for repurchase agreements shall include only:

- 1) cash, and
- 2) obligations of the US Government, its agencies and instrumentalities

44.100 INTERNAL CONTROLS

The Investment Officer shall establish a system of controls to regulate the activities of the investment program and subordinate staff. The controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of KPUB. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

44.101 Cash Flow Forecasting

Cash flow analysis and forecasting is a control designed to protect and anticipate cash flow requirements. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

44.102 Loss of Rating

The Investment Officer shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio requiring ratings based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by this Policy, the Investment

Officer shall notify the Committee of the loss of rating, conditions affecting the rating and possible loss of principal with liquidation options available.

44.103 Monitoring FDIC Coverage

The Investment Officer shall monitor the status and ownership of all banks issuing brokered CDs owned by KPUB based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer shall immediately liquidate any brokered CD which places KPUB above the FDIC insurance level.

44.110 INVESTMENT POLICY ADOPTION

The Investment Committee may suggest Policy changes to the Board at any time. The Board shall review and adopt, by resolution, its investment strategies and any changes to the Policy not less than annually and the approving resolution shall designate any changes made to the Policy.

Approved as to Form

Stephen Schulte, General Counsel

Approved as to Legality and Content

Stephanie V. Leibe, Bond Counsel

Recommended for Board Approval

General Manager and Chief Executive Officer

Passed, Approved and Adopted this ____ day of _____, 2022

Mark Cowden, Chairman

EXHIBIT A
AUTHORIZED BROKER / DEALERS

1. Hilltop Securities
2. FHN Financial
3. Robert W. Baird
4. Stifel, Nicolas & Company

KERRVILLE PUBLIC UTILITY BOARD

BOARD POLICY 44

Title: Investment Policy and Strategy

Effective Date: December 14, 2022~~5, 2021~~

Replaces: December 15 February 24,
2021

Resolution No. ~~22-191-31~~

Resolution No. 21-~~3103~~

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44.00 SCOPE

This investment policy (the "Policy") applies to all the financial assets of Kerrville Public Utility Board ("KPUB"), its investment activities and bank depository agreements. All funds shall be administered in accordance with the provision of this Policy. All other funds which may be created are included under this Policy unless specifically excluded by the Board of Trustees (the "Board"). This Policy does not apply to funds managed under separate pension investment programs.

44.10 POLICY STATEMENT

The KPUB's investments will be made in accordance with applicable laws, Board policies, this Policy, and the restrictions in current KPUB bond ordinances and resolutions. Selection of brokerage firms must be approved by the Board annually. Local investment pools in which the KPUB participates shall be approved by action of the Board. Investment of KPUB funds will be transacted in accordance with the Texas Public Funds Investment Act Chapter 2256, as amended, Texas Government Code (the "Act"). Depository collateral shall be controlled under the terms of the Texas Public Funds Collateral Act Chapter 2257, as amended, Texas Government Code. Effective cash management is recognized as a foundation of this Policy. The Director of Finance is responsible for implementing this Policy.

44.20 OBJECTIVES

The primary objective of KPUB's investment activity is the preservation and safety of principal and maintenance of sufficient liquidity to meet anticipated expenditures. The objectives shall also include diversification and attainment of reasonable yield subject to compliance with this policy and the Internal Revenue Code of 1986, as amended, within the cash flow constraints of KPUB.

Each investment decision shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. KPUB's investment portfolio will remain sufficiently liquid to meet KPUB's operating requirements that might be reasonably anticipated. Liquidity shall be achieved by

matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets as well as maintaining a minimum one-month liquidity buffer.

44.21 KPUB's portfolio shall be invested in high-credit quality securities. Funds shall be diversified to manage market price risks and default risks that would jeopardize the assets available to accomplish their stated objective. Funds shall never be invested in a manner inconsistent with this Policy and applicable federal and state laws and regulations.

44.22 All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in KPUB. The Board recognizes that in a diversified portfolio, occasional measured unrealized losses due to market volatility are inevitable and must be considered within the context of the overall portfolio's investment market value, provided that adequate diversification has been implemented. Strict adherence to provisions of Bond Ordinance No. 2013-21, or to any subsequent revenue bond ordinance, shall always apply.

44.30 ASSIGNMENT OF RESPONSIBILITIES

44.31 KPUB Board

The KPUB Board retains the ultimate fiduciary responsibility for the investment of its funds (Section 2256.005(f) of the Act). The Board will:

- adopt a written investment policy and strategy statement at least annually,
- designate investment officers,
- adopt a list of authorized broker/dealers at least annually,
- designate an investment committee, and
- accept quarterly investment reports.

44.32 Investment Committee

There is hereby created an Investment Committee, consisting of the General Manager and Chief Executive Officer, Director of Finance and two KPUB Trustees. ~~The Director of Finance and Accounting Supervisor are designated as the Investment Officers for KPUB.~~

The Investment Committee shall meet at least quarterly to determine general strategies and to monitor results. The Investment Committee shall include in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to KPUB's funds, authorized investment advisors and broker/ dealers, and appropriate competitive and reasonable benchmarks for the investment portfolio. The Investment Committee may approve the broker/dealer list annually and approve the sources for investment training. The Investment Committee shall report to the Board after each quarterly meeting and submit the Investment Officer's report on investment activities for the past quarter. The Investment Committee shall establish its own rules or procedures, compliant with this Policy and schedule additional meetings when deemed necessary.

44.33

Investment Officers

The Director of Finance and Accounting Supervisor are designated as the Investment Officers for KPUB. Management responsibility for the investment program is hereby delegated to the Director of Finance, who shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to subordinate staff processing investment transactions. No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate staff. The Investment Officer shall disclose relationships by blood or marriage and any "personal business relationship" with sellers of investments to both the Board as determined by Chapter 573, Texas Government Code, and to the Texas Ethics Commission as defined in the Act (Section 2256.005(i)) if required by the Act. The Investment Officer shall also file a conflict disclosure statement with respect to a vendor, as applicable and pursuant to Chapter 176, Texas Local Government Code, as amended, and any conflict disclosure statement required by the Board.

44.34

Standard of Care

Investments shall be made with exercise of judgment and due care under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs. Investments shall not be speculative, but for investment, and will consider the probable safety of their capital as well as the probable income to be derived. Investment of funds shall be governed by the following principles, in order of priority:

- (1) Preservation and safety of capital (including diversification),
- (2) Liquidity,
- (3) Yield.

44.35

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict (or have the appearance of conflict) with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

44.36

Officer Training

All designated Investment Officers shall comply with training requirements under state law. ~~must attend investment training as required by the Act.~~

~~(a) — All designated Investment Officers shall receive a training session from an independent source, approved by the Investment Committee, within one year of assuming duties containing at least 10 hours of instruction relating to officer responsibilities and the Act.~~

~~(b) — At least once every succeeding two fiscal years, all designated Investment Officers must receive additional investment training of not less than 8 hours~~

Commented [AD1]: Revised language keeps investment policy compliant with the Act even if the legislature changes training requirements.

~~of instruction relating to investment responsibilities from an independent source approved by the Investment Committee. Such session must include education in investment controls, security risk, strategy risk, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act.~~

~~(e) An individual's reporting requirements are satisfied by a report/certificate of the training sponsor, or training program organizing entity.~~

44.40 REPORTING

The Director of Finance, as the Investment Officer, shall submit quarterly, or more often as directed by the Board, an investment report to the General Manager and Chief Executive Officer, and the Board. The report shall include all items required by the Act (Section 2256.023) and shall summarize the investment strategies employed in the most recent quarter. The Director of Finance shall sign and certify that the report represents compliance with this Investment Policy and the Act. ~~The report shall detail total earnings and compare the return with the risk benchmark and budgetary expectations. The report shall include portfolio summary information and detail for all transactions during the past quarter.~~

Commented [AD2]: Since reporting requirements may change, it is better for the investment policy to refer to the Act rather than list detailed requirements.

44.41 Annual Report

~~Within 90 days of the end of each fiscal year, the Director of Finance shall present an annual report to the Board on the investment program and investment activity. The annual report shall include a quarterly comparison of the allocation of assets, yields, and earnings.~~

Commented [AD3]: The Act only requires quarterly reports. Other municipal investment policies (including City of Kerrville) do not require an additional annual report and all information detailed can be found in the quarterly reports.

44.412 Audits

Yearly audits must be made of compliance with the management controls on investments and with the Act. The quarterly investment reports must be formally reviewed annually by an independent auditor for compliance with the Act and the results of the review reported to the Board. ~~An internal compliance audit conducted by the Investment Officer(s) shall be performed annually for compliance with this Policy and the Act. (Section 2256.005(m)).~~

Commented [AD4]: The Act requires an audit as described in the previous sentences. An internal compliance audit by the Investment Officer is not required. The Investment Officer certifies compliance with the investment policy and the Act on each quarterly report.

44.50 AUTHORIZED INVESTMENTS

Assets or funds of KPUB may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPUB until this Policy is reviewed, amended, and adopted by the Board. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment ("DVP") to the KPUB contracted safekeeping institution.

- (a) Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in

construction funds;

- (b) Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
- (c) Fully NCUSIF insured share certificates from credit unions domiciled in the State of Texas meeting all other requirements set forth in the Act (Section 2256.010) with a maximum maturity of two (2) years;
- (d) Repurchase agreements collateralized only by cash and obligations of the United States or its agencies and meeting all other requirements set forth in the Act (Section 2256.011). Flex repurchase agreements may be utilized for bond construction funds to match anticipated expenditure limits and may extend beyond five years to match anticipated expenditures. Section 2256.000 limits reverse security repurchase agreements to 90 days;
- (e) Local government investment pools rated not less than AAA, or an equivalent rating by at least one nationally recognized rating service which strive to maintain a \$1 net asset value and meeting all other requirements of the Act (Section 2256.016). The Board must approve by resolution, participation in any pool;
- (f) Fully insured brokered certificate of deposit securities from any US state, delivered versus payment to KPUB safekeeping. The broker must be on the authorized broker/dealer list of KPUB and meet all other requirements set forth in the Act (Section 2256.010), including a main or branch office in Texas. Before purchase the Investment Officer must verify the FDIC status of the bank or banks;
- (g) Fully FDIC or NCUSIF insured or collateralized interest-bearing accounts of any bank or credit union doing business in Texas;
- (h) A1/P1 or equivalent rated domestic commercial paper with a maximum maturity of 270 days and meeting all other requirements of the Act (Section 2256.013); an AAA rated SEC-registered money market mutual funds which strive to maintain a \$1 net asset value and meets all other requirements set forth in the Act (Section 2256.014(a)).

The maximum allowable stated maturity of any individual investment owned by

KPUB shall be not more than five years, extending to ten years in construction funds.

44.51 Mark-to-market

All individual securities held in the portfolio shall be marked to market and reported as of the close of business on the last day of each month. Market prices are to be obtained from an independent source.

44.52 Delivery versus payment settlement

All securities shall be purchased using DVP so that no funds are released prior to receiving the security into safekeeping. The securities shall be delivered to KPUB's depository bank and held on behalf of KPUB. Safekeeping receipts/reports shall be delivered to KPUB. The depository should provide a monthly report of KPUB holdings.

44.60 HEDGING

This policy considers 2 types of hedges – market and internal. A market hedge would be used for investment purposes and purchased through an external broker. An internal hedge specifically relates to managing the price paid for purchased power using the terms of existing purchased power agreements.

44.61 Market Hedge

In accordance with the Act (Section 2256.0206) KPUB may enter hedging market contracts if it meets the principal and debt requirements as an “eligible entity.” The Board must adopt a separate hedging policy prior to any hedging market transaction, and such transaction must be made in accordance with CFTC and SEC requirements. Hedging transactions may include financial agreements such as put and call options, producer price agreements, or futures contracts. A hedging market strategy should be utilized and reviewed quarterly by the Investment Committee.

44.62 Internal Hedge

In addition to market-based investment strategies for recognized funds, the Power Supply Committee may create and monitor an internal hedge strategy related to purchased power prices. Renewable energy sources (wind and solar) are designed to act as a hedge against purchased natural gas. In addition, an internal hedge may include natural gas price locks executed through the terms of KPUB's existing purchased power agreement with CPS Energy. Specific internal hedge strategies will be reviewed and approved at least semi-annually by the Power Supply Committee.

44.70 INVESTMENT STRATEGIES

Investments may be commingled for investment purposes while still addressing the unique needs of each defined fund. A pro-active ladder portfolio structure, based on anticipated cash flow needs, will be used to fund anticipated liabilities. The KPUB portfolio is designed as a buy-and-hold pro-active portfolio with minimal

anticipated trading. The total portfolio shall have a maximum weighted average maturity of two years. Construction funds may have a maximum weighted average maturity of three years. The benchmarks for the total portfolio will be the comparable period two and three year Treasury Notes.

In accordance with this Policy's objectives, the fund type investment strategies address the following:

- 1) Suitability of investments,
- 2) Preservation and safety of principal,
- 3) Liquidity,
- 4) Potential marketability of investments in case of required liquidation, and
- 5) Diversification and yield considerations.

All designated fund investments must meet credit and safety criteria as required by the Act. Due to the overall short-term nature of the portfolio, involuntary investment liquidations are unlikely for any of the funds; however, should liquidations be necessary, the limited maturity of the securities should make material losses unlikely.

The various funds' investments will be structured to achieve competitive yields, given the pertinent liquidity requirements, and they will be compared against appropriately competitive and reasonable benchmarks. The overall portfolio shall not exceed a maximum weighted average maturity (WAM) of two (2) years.

44.71

Strategy by fund type

The Bond Ordinance No. 2013-21 requires a System Fund, a Bond (Interest and Sinking) Fund, and a Reserve (Debt Reserve) Fund. The Bond Ordinance requirements for amounts set aside in the Reserve Fund are suspended as long as the Pledged Revenues for each Fiscal Year are equal to at least 135% of the Average Annual Debt Service Requirements.

The Board has divided the System Fund into the following funds: Revenue Fund; Construction Fund; Emergency Repair, Replacement, and Contingency Fund; Rate Stabilization Fund; and Long Term Rate Stabilization Fund.

44.72

Revenue Fund

The Revenue Fund requires a high degree of liquidity to meet ongoing operational needs. High credit quality securities provide marketability should liquidity needs arise. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.73

Construction Fund

The Construction Fund is to be structured to meet known construction payment requirements. Due to long construction periods the maximum maturity for these funds shall be ten (10) years and the maximum WAM shall be three (3) years. A laddered portfolio strategy using high credit quality securities will be based on known expenditure plans. The Construction Fund will be compared against

appropriately competitive and reasonable benchmarks. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.74 Debt Reserve Fund

The Debt Reserve Fund is created to provide reserves to meet any shortfalls in the Interest and Sinking Fund. As Debt Reserve Funds are not anticipated to be utilized, short investments targeting the semi-annual debt service payments will be utilized. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.75 Interest and Sinking Fund

The Interest and Sinking Fund investments will be designed to meet the twice yearly bond payment requirements for which the funds are accumulated. Investments will be structured to meet the current debt payment date and no extension shall be made until the preceding payments have been fully funded. Investments shall strive to achieve competitive yields. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer.

44.76 Emergency Repair, Replacement, and Contingency Fund

The Emergency Repair, Replacement, and Contingency Fund was established to provide for emergency repairs and/or replacement of capital assets damaged by catastrophes, acts of God, or other disasters, and to fund unforeseen projects of the Board in excess of \$100,000 (so as to level the impact on electric tariffs from those unbudgeted projects). Investments in the Emergency Repair, Replacement, and Contingency Fund shall be high credit quality, short and intermediate securities with a one month liquidity buffer. The use of this fund will be initiated by Board action.

44.77 Rate Stabilization Fund

The Rate Stabilization Fund was established to minimize the exposure of the KPUB consumers to extreme or significant power supply volatility. The use of this fund will be initiated by the Director of Finance and or the General Manager/Chief Executive Officer recommending transfers from the Rate Stabilization Fund to the Revenue Fund to fund expenses or charges for significant increases in purchase power, fuel or other expenses as deemed appropriate and to minimize the exposure of KPUB's consumers to extreme or significant power supply volatility.

The Rate Stabilization Fund shall include investments suitable for a fund requiring a moderate degree of liquidity but allowing for short maturity extensions under one year.

44.78 Long Term Rate Stabilization Fund

The Long Term Rate Stabilization Fund was established to minimize the exposure

of KPUB customers to long term power supply volatility. The use of this fund will be initiated by Board action to fund acquisition of equity positions in generation resources, pre-purchase fuel agreements, investment in infrastructure, and other actions to limit long term exposure to ERCOT market volatility.

The Long Term Rate Stabilization Fund shall include investments suitable for a fund requiring only a moderate degree of liquidity. The maturity of these investments should be coordinated to support KPUB's Integrated Resource Plan. Other criteria may be used in making this investment maturity decision such as arbitrage considerations, flexibility, and marketability.

44.79 Federal Income Tax Limitations on Investments

The Board recognizes that the provisions of Bond Ordinance No. 2013-21 and the Internal Revenue Code of 1986, as amended (the "Code") impose certain restrictions upon the investment of KPUB funds. While the investment strategies of the Board include goals to maximize the yield on any investments, the Board recognizes that certain investments must be made at yields at or below the yields on KPUB's outstanding revenue bonds to comply with the provisions of the aforementioned ordinance and the Code. The Board recognizes that excess earnings may activate rebate provisions but the goal will be to match all available earnings potential.

44.80 BANKS AND BROKER/DEALERS

A banking services depository shall be selected through KPUB's procurement process, which shall include a formal request for proposals issued at least every five years. Other financial institutions may be designated as depositories for other time and demand deposits. In selecting the banking services depository, the credit worthiness of institutions, earnings potential and service costs shall be considered, and the Director of Finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history along with the estimated cost of the banking services to be provided to KPUB.

44.81 Banks: Banks and savings banks seeking to establish eligibility for KPUB's time or demand deposits shall submit annual audited financial statements, evidence of Federal insurance and other information as required by the Director of Finance.

44.82 Broker/dealers: The Investment Committee or Board shall approve a list of authorized broker/dealers recommended by the Investment Officer no less than annually. The list is shown as Exhibit A of this policy. Annual adoption of the approved list will occur at the same time as the annual adoption of the investment policy.

Broker/dealers shall provide to the Investment Officer the following:

- Annual financial statements (required annually),
- Registration with FINRA and the firm's FINRA CRD number, and

- Registration with the Texas State Securities Board.

Each broker/dealer will be provided the current Policy.

Investment Officers in their dealing with KPUB funds shall not conduct business with any securities dealer with whom or through whom public entities have sustained losses on investments.

44.83 Local Government Investment Pools: Pools must provide a policy certification to certify that they have received and reviewed the KPUB investment policy and meet all requirements set forth in the Act (Section 2256.016). Investment pools or investment management firms offering to engage in an investment transaction with KPUB must comply with the requirements of this Policy.

44.90 COLLATERAL

44.91 Collateral Pledged to KPUB:

All time and demand deposits shall be secured by KPUB authorized collateral with a market value equal to at least 102 percent of the daily time and demand deposits, plus any accrued interest, less any amount insured by FDIC. Evidence of the pledged collateral shall be maintained by the Director of Finance and collateral shall be held by an independent third-party financial institution approved by KPUB. The pledging institution or the custodian shall provide a monthly listing of the collateral. The collateral report will be reviewed monthly by the Director of Finance to assure the market value of the securities pledged equals or exceeds the related bank collected balances. The custodian of these pledged securities must be:

- 1) A state or national bank that:
 - a) Is designated by the Comptroller as a state depository,
 - b) Has its main office or a branch office in this state, and
 - c) Has capital stock and permanent surplus of \$5 million or more;
- 2) A Federal Reserve Bank or a branch of a Federal Reserve Bank; or
- 3) A Federal Home Loan Bank.

Only securities allowed by the Public Funds Collateral Act, Chapter 2257, as amended, Texas Government Code shall be eligible to be pledged as collateral. KPUB will authorize letters of credit as collateral but will give preference to pledged securities.

KPUB's designated custodian shall provide a current list of all pledged investment securities monthly. The list must include (for each pledged investment security): KPUB's name; the CUSIP number of the security; par amount and maturity date of the security.

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Collateral underlying repurchase agreements are owned by KPUB and must have a market value equal to at least 102 percent daily monitored and reported daily by the

counter-party. Collateral shall be held by an independent third-party financial institution approved by KPUB using a DVP settlement.

Authorized collateral for repurchase agreements shall include only:

- (a) cash, and
- (b) obligations of the US Government, its agencies and instrumentalities

44.100 INTERNAL CONTROLS

The Investment Officer shall establish a system of controls to regulate the activities of the investment program and subordinate staff. The controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of KPUB. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

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Cash flow analysis and forecasting is a control designed to protect and anticipate cash flow requirements. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

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The Investment Officer shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio requiring ratings based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by this Policy, the Investment Officer shall notify the Committee of the loss of rating, conditions affecting the rating and possible loss of principal with liquidation options available.

44.103 Monitoring FDIC Coverage

The Investment Officer shall monitor the status and ownership of all banks issuing brokered CDs owned by KPUB based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer shall immediately liquidate any brokered CD which places KPUB above the FDIC insurance level.

44.110 INVESTMENT POLICY ADOPTION

The Investment Committee may suggest Policy changes to the Board at any time. The Board shall review and adopt, by resolution, its investment strategies and any changes to the Policy not less than annually and the approving resolution shall designate any changes made to the Policy.

Approved as to Form

Stephen Schulte, General Counsel

Approved as to Legality and Content

Stephanie V. Leibe, Bond Counsel

Recommended for Board Approval

General Manager and Chief Executive Officer

Passed, Approved and Adopted this ____ day of _____, 202~~21~~

~~Mark Cowden~~ Philip Stacy, Chairman

EXHIBIT A
AUTHORIZED BROKER / DEALERS

1. Hilltop Securities

12 of 13

2. FHN Financial
3. Robert W. Baird
4. Stifel, Nicolas & Company

RESOLUTION NO. 22-19

RESOLUTION BY THE BOARD OF TRUSTEES OF THE KERRVILLE PUBLIC UTILITY BOARD RELATING TO ITS ANNUAL REVIEW OF THE BOARD'S INVESTMENT POLICY AND INVESTMENT STRATEGIES AS REQUIRED BY THE PROVISIONS OF CHAPTER 2256, AS AMENDED, TEXAS GOVERNMENT CODE; APPROVING THE BOARD'S INVESTMENT POLICY AND INVESTMENT STRATEGIES; AND OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Board of Trustees (the "Board") of the Kerrville Public Utility Board (the "KPUB") has previously adopted an investment policy (the "Policy") and certain investment strategies that are attached as Exhibit A to this Resolution and incorporated by reference herein for all purposes;

WHEREAS, the Board is required by the provisions of Chapter 2256, as amended, Texas Government Code (the "Act") to annually review and approve the Policy;

WHEREAS, pursuant to Section 2256.005(e) of the Act, the Board shall record any substantive changes made to either the Policy or its investment strategies;

WHEREAS, the Board hereby finds and determines that the Policy and investment strategies are adopted for the year ending December 31, 2023; and

WHEREAS, the Board hereby finds and determines that these actions are in the best interest of the citizens of the KPUB; now, therefore;

BE IT RESOLVED BY THE TRUSTEES OF THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. The Policy, including authorized brokers and dealers attached hereto as Exhibit A are incorporated by reference for all purposes into this Resolution.

Section 2. The Investment Officer (as defined in the Policy) is authorized to implement the Policy in accordance with the provisions of the Policy and applicable law.

Section 3. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 4. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 8. This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

PASSED, APPROVED AND ADOPTED on this 14th day of December, 2022

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

MEMORANDUM

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

From: Mike Wittler

Date: December 8, 2022

Re: Item 6. D.—Professional Services Schneider Engineering

Staff is recommending the approval of the following purchase orders to Schneider Engineering for professional services:

- Power Supply Planning and ERCOT Market Support: The attached proposal outlines the ERCOT support services that Schneider has normally been providing to KPUB. The total for this purchase is not to exceed \$85,000.
- Feasibility Study for Municipal Power Agency Development: We have been exploring the possibility of aligning with other municipal and cooperative distribution utilities to procure power as a group to realize savings and improve our negotiating power. We are now planning to shift this effort towards exploring the possibility of joint development of peaking generation resources. The total for this purchase is not to exceed \$35,000.
- Regulatory Support Services: For a number of years Schneider has been tracking regulatory agency changes, supporting the submission of reports to regulatory agencies and supporting North American Electric Reliability Corporation (NERC) reliability compliance programs and audits for a group of its clients. We would like to continue receiving this support. The total for this purchase is not to exceed \$18,000.
- Engineering and Procurement Services for the Jack Furman Substation Transformer Addition. The attached proposal outlines the procurement, engineering design, construction bidding and contracting, and construction coordination services that Schneider has proposed to support the installation of a KPUB owned transformer at the Jack Furman Substation. We are planning to install the foundations in early 2023, then pause the project, and restart it in 2024 with the transformer installation scheduled for May 2026. The total for this purchase is not to exceed \$152,000.

I will be happy to address any questions from the Board regarding the recommended purchase orders to Schneider Engineering.

Thanks,



Mike Wittler, P.E.

SCHNEIDER ENGINEERING, LLC



FISCAL YEAR 2023
(PROJECT SCOPES AND BUDGETS)

PREPARED FOR
KERRVILLE PUBLIC UTILITIES BOARD

OCTOBER 21, 2022

CLIENT:	Kerrville Public Utilities Board (KPUB)
PROJECT:	Power Supply Planning – ERCOT Market Support

SCOPE OF WORK:

- Procurement of short / long term energy resources.
- Management of existing power contracts and contract requirements.
- Review of monthly wholesale power invoicing from suppliers.
- Management of existing QSE agreement and agreement requirements.
- Development of strategy and procurement for congestion revenue rights as needed.
- Management of ERCOT compliance requirements as needed.
- Presentations to KPUB Board of Directors on market issues, power supply matters, and other issues as requested by the KPUB.
- Special projects as assigned by the CEO/General Manager. Budget would be amended as needed.

Cost Estimate:

Schneider Engineering, LLC. will perform services under this agreement related to the above referenced scope of work and will provide the Kerrville Public Utilities Board itemized invoices for services performed. Services will be billed on an hourly/work performed basis plus reimbursable expenses. Fees will be based on actual work performed. The estimated cost for the engineering services for the scope of work outlined above is **\$85,000**, plus reimbursable expenses.

APPROVAL: _____**DATE:** _____

CLIENT:	Kerrville Public Utilities Board (KPUB)
PROJECT:	Feasibility Study for Municipal Power Agency Development

SCOPE OF WORK:

Provide KPUB with a feasibility study to determine the viability of developing / joining a Municipal Power Agency, including a cost benefit analysis.

Specific tasks include:

- Cost – benefit analysis will be performed to evaluate energy procurement, operational characteristics and costs, development costs and economies of scale to be achieved.
- Risk mitigation analysis will be performed to determine how the implementation of a Municipal Power Agency would mitigate risk for participants.
- Participant assessment analysis will assist in determining what utilities would be likely participants in such an organization.
- Organizational structure assessment will identify possible organizational and governance structures to determine optimal structure.
- Comprehensive feasibility study report will be delivered to utility management.

NOT TO EXCEED COST ESTIMATE:

Schneider Engineering, LLC. will perform services under this agreement related to the above referenced scope of work and will provide KPUB itemized invoices for services performed. Services will be billed on an hourly/work performed basis plus reimbursable expenses. Fees will be based on actual work performed. The estimated not to exceed cost for the consulting services for the scope of work outlined above is **\$35,000**.

Approval: _____

Date: _____

CLIENT:	Kerrville Public Utilities Board (KPUB)
PROJECT:	Regulatory Support Services – Agency Tracking and Compliance Support for FY2023

SCOPE OF WORK:

Schneider Engineering (SE) proposes to provide Kerrville Public Utility Board (KPUB) with ongoing Regulatory Tracking and Compliance Support services designed to address regulatory compliance issues and tasks in a proactive and timely manner.

Services and deliverables include the following:

- **Agency Tracking** for NERC, FERC, TRE, ERCOT, PUCT, EPA and other relevant electric utility regulatory agencies. Tracking tasks and activities include:
 - Attend relevant meetings, workshops, training sessions and provide meeting summaries and issue papers/written briefs as needed;
 - Monitor agency websites and other public information sources to track current standards and requirements along with any emerging / developing regulations;
 - Review emerging issues with KPUB staff. Jointly determine whether individual issues require further monitoring, or immediate action including filing comments as needed.
- **Prepare and submit all applicable reports** to TRE, NERC, ERCOT and other agencies as needed. Assist with monthly, quarterly, and annual reporting and submittals to TRE, NERC and ERCOT.
 - Assist with executing the annual self-certification information upload through the Texas RE electronic portal.
 - Coordinate NERC Alert responses with KPUB.
 - Assist / coordinate the non-standard Requests for Information (RFI).
- **Develop and maintain NERC Compliance Program (NCP), ERCOT Compliance Program (ECP), and Event Reporting Operating Plan (EROP) documents.**
 - Maintain and update KPUB's NCP and ECP. The annual NCP and ECP provide KPUB with the overall reliability compliance roadmap and include Reliability Compliance policies and procedures along with roles and responsibilities for reliability compliance at KPUB.
 - Maintain and update KPUB's Event Reporting and Operations Plan (EROP).
 - Review all mandatory NERC Distribution Provider-UFLS (DP-UFLS) standards and requirements and ensure compliance with applicable standards.
- **Conduct compliance review meetings and provide training to KPUB compliance team** as needed. Compliance review meetings will focus on relevant compliance issues and activities. Training will be developed for KPUB Managers, SME's, operations personnel, and other personnel on an annual or as-needed basis.

Cost Estimate: The cost of the services depends on the amount of support required on recurring and non-recurring regulatory compliance tasks and projects. Based on experience, SE recommends an annual budget of **\$18,000** be established.

Approval: _____

Date: _____



PROJECT PROPOSAL
JACK FURMAN T-2 ADDITION

PREPARED FOR
KERRVILLE PUBLIC UTILITY BOARD

NOVEMBER 15, 2022

CLIENT:	Kerrville Public Utility Board
PROJECT:	Jack Furman T-2 Addition

SCOPE OF WORK:**General**

Schneider Engineering proposes to provide engineering services, assistance with procurement, and construction coordination services to the Kerrville Public Utility Board for the addition of a KPUB-owned Power Transformer at Jack Furman substation.

Major Equipment Procurement

SE shall provide consulting services as needed for specification and procurement of the major project substation materials. Services will include developing specifications and providing assistance with bidding any long-lead time items, evaluating the bids received, providing a letter of recommendation to KPUB and reviewing and processing the equipment approval drawings. This includes a 138-13.1 kV, 12/16/20/22.4 MVA Power Transformer.

Engineering Design**ELECTRICAL AND STRUCTURAL:**

- Provide engineering services to facilitate the addition of a new 20 MVA power transformer with LTC
- Create or update all needed substation physical drawings to depict the T-2 addition
- Create or update protective relay settings for the new transformer, circuit switcher, and existing feeders
- Provide AutoCAD 2015 and PDF drawings of Relay and Control, Structural and Electrical drawings issued for bid and construction
- Provide detailed material list needed to implement the R&C, structural and electrical work as designed (including manufacturer part numbers and quantities needed)
- Electrical and Structural drawings to be released in the first phase of the project to allow for installation of foundations as soon as possible

RELAY AND CONTROL:

- Create or update all needed substation protection and control drawings to depict the T-2 addition
- Provide engineering services to add cable to the new PWT and Circuit Switcher
- Provide updated conduit and cable layout and schedule drawings
- Provide engineering services to design all needed relays and relay panels
- Coordinate with LCRA regarding relaying schemes and CT's being used by LCRA for Bus differential and metering
- Coordinate protective relay settings with LCRA and with downstream devices
- Update all substation drawings to reflect the new 20 MVA PWT
- Provide AutoCAD and PDF format as-built documents after construction is complete for record retention

Construction Bidding and Contracting

Construction to be executed in two phases. The first phase will include foundation and below grade work, and the second phase will include all above grade, electrical, and Relay and Control work.

The project scope will include coordination with KPUB's purchasing department to develop construction bid documents to include:

- Notice and Instruction to Bidders
- Construction Specifications
- Construction Unit Descriptions
- Contractor's Proposal and Obligations
- Unit Bid Tabulation Forms
- Proposal Summary Form
- Acceptance Form
- Major and Minor Bill of Materials

The project scope will also include:

- Qualifying Prospective Bidders
- Coordinating with Prospective Bidders during Bid Process
- Attending Pre-Bid Meeting and Bid Opening
- Reviewing Bid Documents, Ensuring Submittal is in Accordance with the Instructions and Ensuring Price Tabulations are Correct
- Providing KPUB with Recommendation of Contractor to Select
- Providing and Maintaining Project Schedule
- Attending Pre-Construction Meeting and any Subsequent Construction Meetings

Construction Coordination

This includes review and approval of Contractor-provided material, schedule and drawings; coordination between Contractor and KPUB, as needed during construction; reviewing and approving Contractor invoicing; performing weekly site visits; providing reports during construction and performing a final inspection after installation and coordination for final acceptance testing.

PROPOSED TIMELINE:

SE will begin design work within one week of notice to proceed with the proposed timeline below

Activity Description	Schedule
Prepare structural design drawings to facilitate foundation construction	11/21/2022 - 12/2/2022
Issue foundation construction bid package	12/19/2022
Award foundation construction contract	1/13/2023
Foundation construction	1/23/2023 – 3/3/2023
Prepare specifications for long lead equipment	11/27/2023 – 12/8/2023
Order long lead equipment	12/11/2023 – 12/22/2023
Complete balance of substation design drawings	12/1/2023 – 3/29/2024
Issue construction bid package for balance of work	5/21/2024
Balance of substation construction	July 2024 - TBD
PWT to be delivered	March 2026

Construction complete and station energized	April 2026
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COST PROPOSAL:

Schneider Engineering, LLC will perform services under this agreement related to the above referenced Scope on a Time and Materials basis. The estimated cost of these services is **\$152,000** with the following cost breakdown:

Description	Cost
Develop/update specifications for the new PWT	\$12,000
Update electrical and structural design drawings: -Design transformer and equipment foundations -Design all needed physical substation additions	\$22,000
Update relay and control design drawings -Provide updated conduit and cable layout and schedule drawings -Provide engineering services to design addition of PWT differential relays and feeder relay updates -Coordinate with LCRA regarding relaying schemes at CT's being used by LCRA for Bus differential and metering -Develop transformer protection settings, coordinate with KPUB and LCRA engineering staff to ensure proper coordination of settings as needed	\$56,000
Construction bidding and contracting -Bid documents, construct contract, bonding and insurance	\$18,000
Construction coordination -Monitor construction with one or two site visits per week	\$36,000
Provide AutoCAD and PDF format as-built documents after construction	\$8,000

APPROVAL: _____

DATE: _____

MEMORANDUM

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

From: Allison Bueché

Date: December 5, 2022

Re: Agenda Item No. 6E—Approval of Identity Theft Policy & Procedures

As part of KPUB's Identity Theft Prevention Program, our customer service department verifies a customer's identity by running an ONLINE Information Utility Exchange report.

For that purpose, KPUB has had an agreement in place with ONLINE Information Services since October 2008. During the last 12 months, KPUB has processed 2,277 identity verification checks with zero issues. The total cost, including monthly fees, was \$4,492.40.

Our internal identity theft committee met recently to review our identity theft policies and procedures. Our recommended revisions to the program are attached. The revisions are minor ones to simplify and update some of the program language.

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

Sincerely,



Allison Bueché
Director of Customer & Community
Relations
Kerrville Public Utility Board

Identity Theft Prevention Policy and Procedures

I. Purpose

The goal of these policy and procedures are to prevent identity theft. Kerrville Public Utility Board (KPUB) recognizes its responsibility for safeguarding the personal information of its employees and customers. The purpose of this document is to create policy and procedures to support the KPUB Identity Theft Prevention Program utilizing guidelines set forth in the FACT Act (2003).

II. Scope

These policy and procedures apply to management and all personnel of KPUB. The following represents the policy and procedures for the development of the Identity Theft Prevention Program.

III. Responsibility

KPUB must protect employee and customer data and implement policy and procedures that meet standards established by the Federal Trade Commission.

IV. Definitions

IT- Information Technology

Identity Theft- Financial identity theft occurs when an individual or group uses another consumer's personal information (name, social security number, etc.) with the intent of conducting multiple transactions to commit fraud that results in substantial harm or inconvenience to the victim. This fraudulent activity may include opening deposit accounts with counterfeit checks, establishing credit card accounts, establishing a line of credit, or gaining access to the victim's accounts with the intent of depleting the balances.

Red Flag- A pattern or a particular specific activity that indicates the possible risk of identity theft.

V. Procedures

1.

A. Red Flag Procedures

Steps to detect, prevent and mitigate identity theft in new and existing accounts

Identity Theft Prevention Red Flag & Mitigation Procedures

Red Flag	Next Step	Mitigation
1) Consumer Report Indicates Fraud	Verify ID	Open acct.
2) Credit Freeze	Do not open acct.	Do not open acct.
3) Address discrepancy	No response	No response
4) Unusual patterns	Contact customer	No response
5) Forged ID	Do not open acct.	No response
6) Photo does not match	Do not open acct.	No response
7) ID information inconsistent	Contact Supervisor	No response
8) Info. Given does not match	Do not discuss acct.	No response
9) Application looks altered	Do not open acct.	No response
10) Applicant fails to provide ID	Do not open acct.	No response
11) Cannot confirm challenge question	Do not discuss acct.	No response
12) Change of billing address is followed with another request to add accts.	No response	No response
13) Initial Payment made but no other payment is made	Disconnect account	No response
14) Mail returned repeatedly	Contact customer	No response
15) Customer not receiving bills	Verify address	No response
16) Notification of unauthorized charges	Fill out affidavit	Reopen account with new account #
17) Notification that an account was opened fraudulent	Close acct	No response needed

Revised ~~11/10/2021~~9/16/2022

B. Opening New Accounts

KPUB will require all customers opening a new account to provide their name, date of birth, social security number, driver's license, residential or business address, and telephone number. KPUB will verify the customer's identity by obtaining a credit report from Online Utility Exchange. If the customer does not want to provide their social security number, then they will be required to provide two forms of identification from the Federal I-9 form in order to open a new account. If the credit report identifies a red flag, the appropriate action will be taken based on the red flag procedures. Applications for new service will be taken in person or via online, email or fax. All applications will require the completed application and a copy of a valid photo ID be presented before processing.

C. Existing Accounts

KPUB will verify the identification of customers that ask for information on their account by requesting either the last four numbers of their social security number, date of birth or driver's license. KPUB will accept changes in banking or credit card information for billing and payment purposes, as well as updates to credit card expiration dates over the telephone after the identity verification as listed above. KPUB will also verify the validity of requests to change billing addresses by verifying the information directly with the customer.

2. Breach in Security

To prevent identity theft by KPUB employees, KPUB will limit the exposure of secured information by utilizing a "principle of least privileged" with all confidential information.

3. Record Disposal

KPUB will collect and protect documents and data until the time of destruction.

A. Paper

All paper documents with any customer information on them will be shredded.

B. Electronic

Electronic records are subject to KPUB's retention policy. Any surplus equipment storing electronic records is documented and physically destroyed.

4. Training and Screening

Revised ~~11/10/2021~~ 9/16/2022

KPUB will run background checks and do a thorough screening at hiring. KPUB will train new hires as they are hired on a yearly basis to ~~identity-identify~~ Red Flags. Employees will receive only the information that relates to their specific job following the “principle of least privilege” ~~rule.~~ All KPUB employees shall sign agreements to not disclose private information.

5. Handling Reports of Suspected Identity Theft

When the customer suspects Identity Theft, he/she must notify KPUB in writing by filling out the appropriate form.

Steps to follow for handling reports of Suspected Identity Theft:

- 1) Have customer fill out Report of Suspected Identity Theft (see Attachment A)
- 2) Make a copy of consumer’s photo ID
- 3) Attach copy of police report
- 4) Close account(s) and reopen a new account(s)
- 5) Put a note in Account Messages on Customer Account
(# 11 Customer Menu, #11 Enter/Update Consumer Comment Codes, #10)

Take all information and give to Privacy Officer: Allison Bueché

No information is to be given directly to the customer until the investigation is complete. When the investigation is complete, the Privacy Officer will provide information to the customer.

Identity Theft Victims are entitled to a copy of the application records at no charge. Records must be provided within 30 days of request. KPUB must also provide records to law enforcement if requested by customer.

If KPUB employees are not sure of the customer’s identity, they must require proof by requesting:

- 1) government ID card
- 2) Same type of ID required to open account
- ~~Or~~
1-) ~~police report and a completed affidavit~~

6. IT Security

KPUB IT has implemented a defense-in-depth environment throughout the KPUB network.

Revised ~~11/10/2021~~ 9/16/2022

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7. Medical Confidentiality

KPUB shall not obtain or use medical information pertaining to a customer in connection with any determination of the customer's eligibility, or continued eligibility for services. All medical information will be treated as confidential and rules of protection against identity theft apply as to all other private information.

8. Reports, Reviews and Updates for Policy Enforcement

Periodically, internal staff and auditors who report to the KPUB Board of Trustees, external auditors and accountants, and government regulators will review practices to ensure compliance with corporate policy. The reports will be used to evaluate the effectiveness of and amend the Identity Theft Prevention Program. The Identity Theft Prevention Committee will review and revise the policy and procedures as needed. An annual report reviewing all incidents, program revisions and goals will be submitted to the board of trustees every year.

Attachment A

Report of Suspected Identity Theft	
Note: Please be certain to provide all the information requested on this form. Failure to do so may delay the investigation.	
1) Name: _____ (Full Legal Name)	
2) Name on Account(s): _____	
3) SS # _____ - _____ - _____	
4) Phone Number: (_____) _____ - _____	
5) Physical Address: _____	
6) Mailing Address: _____	
7) KPUB Account Number(s): _____	
8) Police Case Number or FTC affidavit of identity theft: _____	
9) Provide a detailed statement describing the questionable activity and the documents/information you are requesting from us: _____	

By signing below, I _____,	
attest to the accuracy and truthfulness of the information provided above.	
_____	Notary:

Signature	My Commission Expires: _____
Mail information to:	
Kerrville Public Utility Board	
Attn: Allison Bueché	
Kerrville, Texas 78029-4999	P.O. Box 294999

Revised ~~11/10/2021~~ 9/16/2022

Identity Theft Prevention Policy and Procedures

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The goal of these policy and procedures are to prevent identity theft. Kerrville Public Utility Board (KPUB) recognizes its responsibility for safeguarding the personal information of its employees and customers. The purpose of this document is to create policy and procedures to support the KPUB Identity Theft Prevention Program utilizing guidelines set forth in the FACT Act (2003).

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KPUB will run background checks and do a thorough screening at hiring. KPUB will train new hires as they are hired on a yearly basis to identify Red Flags. Employees will receive only the information that relates to their specific job following the "principle

of least privilege.” All KPUB employees shall sign agreements to not disclose private information.

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8. Reports, Reviews and Updates for Policy Enforcement

Periodically, internal staff and auditors who report to the KPUB Board of Trustees, external auditors and accountants, and government regulators will review practices to ensure compliance with corporate policy. The reports will be used to evaluate the effectiveness of and amend the Identity Theft Prevention Program. The Identity Theft Prevention Committee will review and revise the policy and procedures as needed. An annual report reviewing all incidents, program revisions and goals will be submitted to the board of trustees every year.

Report of Suspected Identity Theft

Note: Please be certain to provide all the information requested on this form. Failure to do so may delay the investigation.

1) Name: _____ (Full Legal Name)

2) Name on Account(s): _____

3) SS # _____ - _____ - _____

4) Phone Number: (_____) _____ - _____

5) Physical Address: _____

6) Mailing Address: _____

7) KPUB Account Number(s): _____

8) Police Case Number or FTC affidavit of identity theft: _____

9) Provide a detailed statement describing the questionable activity and the documents/information you are requesting from us: _____

By signing below, I _____,
attest to the accuracy and truthfulness of the information provided above.

Notary:

Signature

My Commission Expires: _____

Mail information to:

Kerrville Public Utility Board
Attn: Allison Bueché
Kerrville, Texas 78029-4999

P.O. Box 294999

MEMORANDUM

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

From: Amy Dozier

Date: December 7, 2022

Re: Agenda Item No. 7 – Financial Report

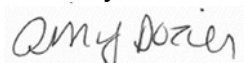
Attached please find financial statements for the month of November 2022.

Highlights include:

- **\$531 decrease in net position** for the month, **\$191K increase** in net position on a year-to-date (YTD) basis.
- **\$3.5M in operating revenue** for the month, **\$7.7M** on a YTD basis.
 - Operating revenue was 1% less than budget for November. Lower than budget kWh sales were offset by higher than budget rates due to higher purchased power expense.
- **\$3.5M in operating expense** for the month, **\$7.5M** on a YTD basis.
 - Operating expense is more than budget by \$43K or 1.2% for the month primarily due to higher than expected per unit cost for purchased power.
 - On a YTD basis, operating expense is \$418K or 5.9% over budget due to higher purchase power costs offset by savings in other categories. Distribution is lower than budget partially due to the mutual aid deployment which is paid for by New Smyrna Beach rather than KPUB.
- **\$16K in operating loss** for the month, **\$180K in operating income** on a YTD basis.
- **\$3.3M in over collection of power cost adjustment** as of 11/30/2022, a **decrease of \$187K** from the prior month due to higher natural gas costs that were only partially offset by price stabilization contracts.
- **\$30.7M 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 4.355% as of December 7, 2022.

The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$105.13. Actual costs greater than the billed rate have resulted in a decrease in our over collection account during FY2023. However, gas prices have fallen in December and we have locked a portion of January costs at the lowest rate seen since March 2022. For this reason, management recommends keeping the PCA at \$102.50 for December.

Sincerely,



Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended November 30, 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	\$ 1,841,669	\$ 1,853,054	\$ (11,385)	-0.61%	\$ 1,505,937	\$ 335,732	22.29%
Commercial/Industrial	1,590,418	1,644,293	(53,875)	-3.28%	1,323,564	266,854	20.16%
Sales to Public Authorities	18,049	21,500	(3,451)	-16.05%	21,502	(3,454)	-16.06%
Other	75,547	44,685	30,862	69.07%	55,443	20,103	36.26%
TOTAL OPERATING REVENUES	3,525,682	3,563,531	(37,849)	-1.06%	2,906,446	619,236	21.31%
OPERATING EXPENSES:							
Purchased Power	2,454,304	2,321,885	(132,419)	-5.70%	1,842,447	(611,857)	-33.21%
Distribution	310,709	364,969	54,260	14.87%	259,685	(51,025)	-19.65%
Customer Accounts	60,368	56,433	(3,936)	-6.97%	35,947	(24,421)	-67.94%
Customer Service, Informational & Sales	29,325	34,590	5,265	15.22%	36,696	7,371	20.09%
Administrative Expenses	367,309	398,734	31,425	7.88%	364,191	(3,118)	-0.86%
Depreciation & Amortization	320,035	322,616	2,581	0.80%	307,283	(12,752)	-4.15%
TOTAL OPERATING EXPENSES	3,542,051	3,499,227	(42,823)	-1.22%	2,846,249	(695,801)	-24.45%
OPERATING INCOME (LOSS)	(16,368)	64,304	(80,672)	-125.45%	60,197	(76,565)	-127.19%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	104,076	60,417	43,659	72.26%	5,991	98,085	1637.25%
Interest Income - City of Kerrville	15,000	15,000	-	0.00%	15,000	-	0.00%
Interest Expense	(8,749)	(9,464)	715	-7.55%	(9,844)	1,095	-11.12%
City of Kerrville - General Fund Transfer	(108,893)	(108,718)	(174)	0.16%	(87,438)	(21,455)	24.54%
City of Ingram - Franchise Fee	(2,318)	(3,060)	742	-24.26%	(2,296)	(21)	0.93%
Other - Net	1,341	2,667	(1,326)	-49.73%	6,746	(5,405)	-80.13%
TOTAL NONOPERATING REVENUES (EXP)	457	(43,159)	43,616	-101.06%	(71,841)	72,298	-100.64%
INCOME BEFORE CONTRIBUTIONS	(15,911)	21,145	(37,056)	175.25%	(11,644)	(4,267)	36.65%
CAPITAL CONTRIBUTIONS	15,380	25,000	(9,620)	-38.48%	9,838	5,542	56.33%
CHANGE IN NET POSITION	\$ (531)	\$ 46,145	\$ (46,676)	101.15%	\$ (1,806)	\$ 1,275	70.58%
NET POSITION AT BEGINNING OF MONTH	\$ 74,165,487				\$ 72,269,006		
NET POSITION AT END OF MONTH	\$ 74,164,956				\$ 72,267,200		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended November 30, 2022
(Unaudited)

	Year to Date	Comparison to Budget			Comparison to Last Year		
		Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 4,110,672	\$ 3,764,077	\$ 346,595	9.21%	\$ 3,361,795	\$ 748,877	22.28%
Commercial/Industrial	3,410,349	3,249,438	160,911	4.95%	2,818,743	591,606	20.99%
Sales to Public Authorities	39,605	43,000	(3,395)	-7.89%	42,936	(3,331)	-7.76%
Other	115,221	89,450	25,770	28.81%	105,515	9,706	9.20%
TOTAL OPERATING REVENUES	7,675,847	7,145,965	529,882	7.42%	6,328,989	1,346,858	21.28%
OPERATING EXPENSES:							
Purchased Power	5,430,032	4,693,419	(736,613)	-15.69%	4,049,434	(1,380,598)	-34.09%
Distribution	489,396	728,960	239,564	32.86%	521,625	32,229	6.18%
Customer Accounts	103,599	112,626	9,028	8.02%	62,706	(40,892)	-65.21%
Customer Service, Informational & Sales	50,667	68,991	18,324	26.56%	54,821	4,154	7.58%
Administrative Expenses	784,026	829,026	45,000	5.43%	710,976	(73,050)	-10.27%
Depreciation & Amortization	638,245	644,703	6,458	1.00%	613,600	(24,645)	-4.02%
TOTAL OPERATING EXPENSES	7,495,964	7,077,725	(418,240)	-5.91%	6,013,161	(1,482,803)	-24.66%
OPERATING INCOME (LOSS)	179,883	68,240	111,643	163.60%	315,828	(135,945)	-43.04%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	196,097	120,833	75,264	62.29%	13,183	182,914	1387.50%
Interest Income - City of Kerrville	30,000	30,000	-	0.00%	30,000	-	0.00%
Interest Expense	(18,572)	(19,916)	1,344	-6.75%	(20,552)	1,980	-9.64%
City of Kerrville - General Fund Transfer	(236,158)	(218,004)	(18,154)	8.33%	(203,942)	(32,216)	15.80%
City of Ingram - Franchise Fee	(4,933)	(6,136)	1,203	-19.61%	(5,057)	124	-2.46%
Other - Net	2,478	5,333	(2,855)	-53.54%	7,729	(5,251)	-67.94%
TOTAL NONOPERATING REVENUES (EXP)	(31,088)	(87,890)	56,801	-64.63%	(178,639)	147,551	-82.60%
INCOME BEFORE CONTRIBUTIONS	148,795	(19,649)	168,443	-857.25%	137,189	11,606	8.46%
CAPITAL CONTRIBUTIONS	42,459	50,000	(7,541)	-15.08%	19,676	22,783	115.79%
CHANGE IN NET POSITION	\$ 191,254	\$ 30,351	\$ 160,903	530.15%	\$ 156,865	\$ 34,389	21.92%
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702				\$ 72,124,078		
NET POSITION AT END OF MONTH	\$ 74,164,956				\$ 72,280,943		

Kerrville Public Utility Board
Balance Sheet
As of November 30, 2022

Assets and Deferred Outflows	November 30, 2022		Net Position, Liabilities and Deferred Inflows	November 30, 2022	
	(Unaudited)	September 30, 2022		(Unaudited)	September 30, 2022
Utility Plant:					
Utility Plant in Service	\$ 94,152,920	\$ 93,982,686	Total Net Position	\$ 74,164,956	\$ 73,973,702
Less: Accumulated Depreciation	(46,687,808)	(46,827,910)			
Net Utility Plant in Service	47,465,111	47,154,776			
Construction Work in Progress	1,658,316	1,834,762	Liabilities:		
Total Utility Plant	49,123,427	48,989,538	Current Liabilities:		
			Current Maturities of Long-Term Liabilities	449,108	437,108
Restricted and Noncurrent Assets:			Accrued Interest Payable	9,006	48,046
Customer Deposits	470,827	463,149	Accounts Payable - Purchased Power	10,817,424	10,817,424
Interest and Sinking Fund	44,772	434,802	Accounts Payable - Other	808,847	1,369,794
Emergency, Repair, Replace, Contingency Fund	3,608,168	3,585,091	Over Collection of Power Cost Adjustment	3,276,585	3,846,149
Advance to City of Kerrville	7,500,000	7,500,000	Total Current Liabilities	15,360,971	16,518,522
Total Restricted and Noncurrent Assets	11,623,767	11,983,042			
			Noncurrent Liabilities:		
Current Assets:			2013 Revenue Bonds, net of current portion	2,413,000	2,847,000
Revenue Fund:			Lease Liability	108,000	108,000
Cash and Cash Equivalents	252,800	606,004	Customer Deposits	470,827	463,149
Investments	22,514,085	23,084,450	Interest on Customer Deposits	2,342	2,437
Less: Customer Deposits	(470,827)	(463,149)	Net Pension Liability (Asset)	(677,020)	(677,020)
Total Revenue Fund	22,296,058	23,227,305	Total OPEB Liability	382,619	382,619
Construction Fund:			Total Long-Term Liabilities	2,699,768	3,126,185
Cash and Cash Equivalents	5,169	5,135			
Investments	1,466,363	1,456,985	Total Liabilities	18,060,739	19,644,706
Total Construction Fund	1,471,532	1,462,120			
Rate Stabilization Fund:			Deferred Inflows of Resources - Pension & OPEB	2,548,635	2,548,635
Investments	1,929,730	1,917,388			
Total Rate Stabilization Fund	1,929,730	1,917,388			
Long Term Rate Stabilization Fund:					
Investments	1,101,383	1,094,339			
Total Rate Stabilization Fund	1,101,383	1,094,339			
Customer Accounts Receivable, net of allowance	3,680,925	4,055,633			
Materials and Supplies	1,218,502	1,135,750			
Other	922,744	895,666			
Total Current Assets	32,620,874	33,788,201			
Deferred Outflow of Resources - Pension & OPEB	1,406,262	1,406,262			
Total Assets and Deferred Outflows	\$ 94,774,329	\$ 96,167,043	Total Net Position, Liabilities and Deferred Inflows	\$ 94,774,329	\$ 96,167,043

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended November 30, 2022

					Restricted					
			Construction	Rate Stabilization	Long Term Rate	Debt		Repair,		
	Date	Revenue Fund	Fund	Fund	Stabilization	Reserve	Interest & Sinking	Replacement &	Total Funds	
					Fund	Fund	Fund	Contingency	Invested	
Beginning Fund Balance		\$ 22,968,445	\$ 1,461,339	\$ 1,923,118	\$ 1,097,610	\$ -	\$ -	\$ 3,595,806	\$ 31,046,318	
Withdrawals:										
Happy Investment - TML	11/01/22	(61,845)								(61,845)
Happy Investment - ERCOT	11/07/22	(214,436)								(214,436)
Happy Investment - TMRS	11/09/22	(76,036)								(76,036)
Happy Investment - ERCOT	11/15/22	(375)								(375)
Happy Investment - CPS	11/17/22	(1,314,767)								(1,314,767)
Happy Investment - NextEra	11/17/22	(485,088)								(485,088)
Happy Investment - ERCOT	11/21/22	(51,077)								(51,077)
Happy Investment - Concho Bluff	11/22/22	(90,057)								(90,057)
Happy Investment - DG Solar	11/23/22	(54,853)								(54,853)
Happy Investment - Engie	11/25/22	(77,339)								(77,339)
Happy Investment - LCRA	11/28/22	(608,169)								(608,169)
Investments:										
Happy Investment	11/07/22	500,000								500,000
Happy Investment	11/15/22	450,000								450,000
Happy Investment	11/21/22	550,000								550,000
Happy Investment	11/30/22	1,050,000								1,050,000
Fund Balance after Withdrawals & Investments		22,484,401	1,461,339	1,923,118	1,097,610	-	-	3,595,806		30,562,275
Allocation of:										
Interest Income	11/30/22	74,109	5,024	6,611	3,773	-	10	12,362		101,890
Int Receivable (accrued on CD)	11/30/22	336								336
Total Interest Allocation		74,446	5,024	6,611	3,773	-	10	12,362		102,226
Fund Balance After Allocations		22,558,847	1,466,363	1,929,730	1,101,383	-	10	3,608,168		30,664,500
Interfund Transfers :										
Debt Service	11/30/22	(44,762)					44,762			-
Ending Fund Balance		\$ 22,514,085	\$ 1,466,363	\$ 1,929,730	\$ 1,101,383	\$ -	\$ 44,772	\$ 3,608,168	\$ 30,664,500	

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended November 30, 2022

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ (531)	\$ 191,254	\$ 1,856,407
PLUS:			
Interest Expense (net of amortizations)	8,749	18,572	118,013
Depreciation & Amortization Expense	320,035	638,245	3,778,979
Numerator	<u>328,252</u>	<u>848,070</u>	<u>5,753,400</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	8,749	18,572	118,013
Principal Payment Due	36,167	71,333	423,000
Denominator	<u>\$ 44,916</u>	<u>\$ 89,905</u>	<u>\$ 541,013</u>
DEBT SERVICE COVERAGE RATIO	<u>7.31</u>	<u>9.43</u>	<u>10.63</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: Tammye Riley

Date: December 8, 2022

Re: Agenda Item No. 8 – Reliability Report

Attached for your review is the fourth quarter Reliability Report for FY 2021-2022.

The report uses the System Average Interruption Durations Index (SAIDI), which is an industry standard metric. SAIDI is how long, on average, each customer was without power in each quarter throughout the fiscal year.

It is important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

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

Thank you,

A handwritten signature in black ink, appearing to read 'Tammye Riley', with a stylized flourish at the end.

Tammye Riley
Director of Operations



KPUB Reliability Report

Substation		FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	Trend	FY Totals 10/1/21- 9/30/22	Noted Significant Events
Hunt (Hunt)	w/o ME	7.34	14.35	24.78	50.20		96.68	*Hot Line Tag: 3/8/22 & 3/9/22 - No cause found, likely animal, *4/2/22 Hot Line Tag: LCRA failed swivel caused outage, *4/7/22: Hot Line Tag - Transformer fuse blew causing feeder breaker to trip *8/30/22: Lighting took out HT20 &30 (total customer minutes 1542)
	w/ ME	7.34	132.44	24.78	50.20		214.76	
Ingram (Ingram)	w/o ME	0.20	1.49	1.15	4.32		7.16	
	w/ ME	0.20	1.49	1.15	4.32		7.16	
Jack Furman (Kerrville/Ingram)	w/o ME	0.53	0.21	0.55	0.43		1.72	
	w/ ME	0.53	0.21	0.55	0.43		1.72	
Rim Rock (Kerrville South)	w/o ME	1.98	5.79	2.27	5.60		15.65	
	w/ ME	1.98	5.79	2.27	5.60		15.65	
Harper (West Kerrville)	w/o ME	1.54	2.25	2.51	22.59		28.89	
	w/ ME	1.54	2.26	2.51	22.59		28.89	
Stadium (Central Kerrville)	w/o ME	4.21	2.16	2.21	6.20		14.78	*11/10/2021 Major event- Linetech planned outage at Spence St./Customers were out most of the day. (They were notified) *9/23/2022: KS 50 Lockout - unknown cause (914 customers affected).
	w/ ME	4.62	2.20	2.21	6.20		15.23	
Travis (Center East Kerrville)	w/o ME	0.79	5.91	9.80	5.54		22.05	
	w/ ME	0.79	5.91	9.80	5.54		22.05	
Legion (East Kerrville)	w/o ME	4.04	3.69	3.75	3.33		14.80	*11/10/2021 Major event- Transformer ran over & damaged. Had to isolate outage. Outage occurred at Ranch Rim/Ranch View Ct.
	w/ ME	10.97	11.97	3.75	3.33		30.02	
R. F. Barker (Center Point)	w/o ME	7.00	0.47	1.39	5.09		13.95	*11/10/2021 Major event- Vehicle VS. pole @ Elm Pass.
	w/ ME	8.55	0.47	1.39	5.09		15.50	
Total	w/o ME	2.78	4.37	5.64	12.99		25.78	
	w/ ME	7.01	15.44	5.64	12.99		41.07	

* ME: Major Event Days

10/1-12/31

1/1-2/28

3/1-6/30

7/1-9/30

Annualized

MEMORANDUM

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

From: Allison Bueché

Date: December 7, 2022

Re: Agenda Item No. 9—Update on Policy Regarding Establishing Proof of Ownership or Right to Occupy Property Before Connection of Electric Service

This is a follow-up to an issue we brought to the KPUB Board of Trustees regarding policies for how service is connected and guidelines for determining proof of ownership or a right to occupy the property before the connection of electric service. This is not a requirement in the tariff and not a common practice in the industry here in Texas, but after a few recent issues and a customer request, we were asked to explore what the possibilities were for flagging landlord accounts.

The staff has researched what options are available through our NISC software, and there is no process that we can implement to proactively reach out to our landlord accounts to customize account alerts at this time. We have several limitations with this from a software automation standpoint and outdated landlord account information.

Our customer service department is able to offer our landlord accounts the ability to have a rental agreement on file that allows them to reconnect service without having to reapply each time for that service address. Additionally, they can customize options to have service automatically transferred back into their name and get notified each time service is connected at their address. This notification is available after the customer customizes how they'd like to be notified (phone, email, etc.) under their notification settings through SmartHub and is an automated process. SmartHub will also show the landlord any account that has a pending connection or disconnect as soon as a customer has submitted the request.

We can honor a landlord/owner's written request not to connect service at their property until we receive consent from the landlord/owner on a case-by-case basis through alert notes at a service location account level.

We are not recommending any additional policy change for this process at this time.

Sincerely,



Allison Bueché

Director of Customer & Community Relations
Kerrville Public Utility Board

MEMORANDUM

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

From: Allison Bueché

Date: December 7, 2022

Re: Agenda Item No. 10—Consideration & Action on Revision to KPUB Scholarship Program

After our 2022 scholarship awards, the KPUB Board of Trustees recommended a meeting with our local school counselors and administrators to review the new trade and technical scholarship offering and see if it needed to be restructured. KPUB hosted a meeting on Tuesday, November 29, at our office to discuss the program structure.

Attached are recommended changes for KPUB's 2023 scholarship program for your review. We are recommending adding a separate trade and technical scholarship application with revised program guidelines that are more work focused versus economic need focused for that scholarship.

Additionally, we recommend that the trade and technical scholarship be open for application year-round with no deadline date. The revision would also allow up to two students to receive a \$1,000 scholarship, renewable for one year (awarding them the scholarship for up to a total of two years).

The existing scholarship application and guidelines we have in place for our \$1,500 awards for traditional college students have no recommended program restructure. Attached is a draft of the changes to the program guidelines for that scholarship separating out the trade/tech opportunities from it.

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

Sincerely,



Allison Bueché
Director of Customer & Community
Relations
Kerrville Public Utility Board



2023 Kerrville Public Utility Board • Trade and Technical School • Scholarship Program

The Kerrville Public Utility Board (KPUB) encourages our local youth to work hard and follow their dreams. This scholarship program will provide financial assistance for higher education to ~~three~~ local students.

Awards

- ~~Two (2) \$1,500 per year renewable scholarships for a total of up to \$6,000 overall~~
~~Eligible students may receive \$1,500 per year for up to four years~~
- Two (2) \$1,000 per year renewable scholarships for a total of up to \$2,000 overall that are exclusively for accredited trade schools or technical students.
Eligible students may receive \$1,000 per year for up to two years.
- ~~One (1) \$1,000 one-time scholarship~~
~~Eligible students may receive a \$1,000 one-time scholarship that is exclusively for accredited trade school or technical students~~

Eligibility

- Applicants must be graduating high school seniors who are enrolling for the first time in a full-time course of study at an accredited technical school, or trade school, ~~public or private college or university~~ in the State of Texas.
- Applicants must be able to meet the requirements of the school, ~~college or university~~ selected.
- Applicants must have a minimum GPA of 2.5 (on a 4.0 scale) while in high school and, if seeking renewal of the scholarship, a minimum GPA of 2.5 (on a 4.0 scale) while in college completing the program.
- Upon initial award, the primary residence of the applicant's parents/guardians must be served by KPUB.
- The applicant must submit a completed KPUB Scholarship Application, an official high school transcript, and two letters of recommendation from teachers, principals, counselors, etc. from the high school that is currently being attended, ~~and a current Student Aid Report (SAR)~~. *Incomplete packets will not be considered.*
- Students applying for renewal of the scholarship will have to prove continuing eligibility by submitting official ~~college~~ transcripts each year.

Program Guidelines

- A Scholarship Selection Committee will choose candidates and an alternate for the available scholarships to be awarded.
- Scholarships will be granted to attend an accredited technical school, or trade school, ~~public or private college or university~~ in the State of Texas.
- Scholarship recipients must be considered by the registrar to be a full-time student.
- Awarded scholarships will be mailed directly to the Financial Aid Office of the selected school, ~~college or university~~.



Application Process

- Scholarship applications and guidelines will be available on our website at www.kpub.com and in the KPUB office at 2250 Memorial Blvd, Kerrville, Texas.
- ~~Successful applicants will be announced by April 30, 2022.~~

Deadline

~~Completed application packets must be received by 5 p.m. CST, Friday, February 25, 2022, in the KPUB office located at: 2250 Memorial Boulevard, Kerrville, Texas 78028.~~



2023 Kerrville Public Utility Board • Trade and Technical School • Scholarship Program

The Kerrville Public Utility Board (KPUB) encourages our local youth to work hard and follow their dreams. This scholarship program will provide financial assistance for higher education to local students.

Awards

- Two (2) \$1,000 per year renewable scholarships for a total of up to \$2,000 overall that are exclusively for accredited trade schools or technical students.
Eligible students may receive \$1,000 per year for up to two years.

Eligibility

- Applicants must be graduating high school seniors who are enrolling for the first time in a full- time course of study at an accredited technical school, or trade school in the State of Texas.
- Applicants must be able to meet the requirements of the school selected.
- Applicants must have a minimum GPA of 2.5 (on a 4.0 scale) while in high school and, if seeking renewal of the scholarship, a minimum GPA of 2.5 (on a 4.0 scale) while completing the program.
- Upon initial award, the primary residence of the applicant's parents/guardians must be served by KPUB.
- The applicant must submit a completed KPUB Scholarship Application, an official high school transcript, and two letters of recommendation from teachers, principals, counselors, etc. from the high school that is currently being attended. *Incomplete packets will not be considered.*
- Students applying for renewal of the scholarship will have to prove continuing eligibility by submitting official transcripts each year.

Program Guidelines

- A Scholarship Selection Committee will choose candidates and an alternate for the available scholarships to be awarded.
- Scholarships will be granted to attend an accredited technical school, or trade school in the State of Texas.
- Scholarship recipients must be considered by the registrar to be a full-time student.
- Awarded scholarships will be mailed directly to the Financial Aid Office of the selected school.

Application Process

- Scholarship applications and guidelines will be available on our website at www.kpub.com and in the KPUB office at 2250 Memorial Blvd, Kerrville, Texas.



2022-2023 Kerrville Public Utility Board

• Trade & Technical School • Scholarship Application

Name _____

Mailing Address _____
City State Zip

Date of Birth _____ Email _____

Home Phone _____ Cell Phone _____

Parent/Guardian(s) Name _____

Service Address _____
City State Zip

KPUB Account Number _____

Name of Current High School _____ Class Ranking: _____

Please review the questions below, carefully answer them on a separate sheet of paper then attach your typed responses to your application.

1. What school are you planning to attend? Have you been accepted yet?
2. What do you plan to major in?
3. What career path will you ultimately seek and why?
4. How are you presently planning to finance your higher education?
- 4.5. Please list any of your work experiences throughout high school. Include the number of hours you worked each week and the length of time you worked in those job roles.
- 5.6. Please list your scholastic activities. Include organizations, clubs, offices you have held, awards you have received, and any other information that represents your scholastic involvement.
- 6.7. Please list any community and/or civic activities that you have participated in.
- 7.8. In 250 words or less, **in essay format**, please describe why you should receive this scholarship award.

Be sure to also attach an official high school transcript and two letters of recommendation from teachers, principals, counselors, etc. from your current high school; ~~and a current Student Aid Report (SAR).~~ Incomplete applications will NOT be considered.

Student's Signature



2023 Kerrville Public Utility Board

• Trade & Technical School • Scholarship Application

Name _____

Mailing Address _____
City State Zip

Date of Birth _____ Email _____

Home Phone _____ Cell Phone _____

Parent/Guardian(s) Name _____

Service Address _____
City State Zip

KPUB Account Number _____

Name of Current High School _____ Class Ranking: _____

Please review the questions below, carefully answer them on a separate sheet of paper then attach your typed responses to your application.

1. What school are you planning to attend? Have you been accepted yet?
2. What do you plan to major in?
3. What career path will you ultimately seek and why?
4. How are you presently planning to finance your higher education?
5. Please list any of your work experiences throughout high school. Include the number of hours you worked each week and the length of time you worked in those job roles.
6. Please list your scholastic activities. Include organizations, clubs, offices you have held, awards you have received, and any other information that represents your scholastic involvement.
7. Please list any community and/or civic activities that you have participated in.
8. In 250 words or less, **in essay format**, please describe why you should receive this scholarship award.

Be sure to also attach an official high school transcript and two letters of recommendation from teachers, principals, counselors, etc. from your current high school. Incomplete applications will NOT be considered.

Student's Signature

KPUB Trade & Tech SCHOLARSHIP EVALUATION FORM

Applicant Number: _____

JUDGING CRITERIA	DESCRIPTION	Max Points	JUDGE A	JUDGE B	JUDGE C
Active in school related organizations (Honor Society, Student Council, etc.)	Active = 1 -5 points Very Active = 6 -10 points	10			
Demonstrates community involvement (Volunteer work, civic group or club, etc.)	Active = 1 - 5 points Very Active = 6 - 10 points	10			
Answer to: Why You Should Receive This Scholarship		10			
Academic Achievement (GPA, SAT, ACT)		35			
Work/employment history	0-10 hours week = 10 points 10-20 hours week = 20 points 20 hours or more = 35 points	35			
TOTAL SCORES		100			

AVERAGE TOTAL SCORE

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2023 Kerrville Public Utility Board Scholarship Program

The Kerrville Public Utility Board (KPUB) encourages our local youth to work hard and follow their dreams. This scholarship program will provide financial assistance for higher education to ~~three~~ local students.

Awards

- Two (2) \$1,500 per year renewable scholarships for a total of up to \$6,000 overall
Eligible students may receive \$1,500 per year for up to four years
- ~~One (1) \$1,000 one-time scholarship~~
~~Eligible students may receive a \$1,000 one-time scholarship that is exclusively for accredited trade school or technical students~~

Eligibility

- Applicants must be graduating high school seniors who are enrolling for the first time in a full-time course of study at an accredited ~~technical school, trade school, public or~~ private college or university in the State of Texas.
- Applicants must be able to meet the requirements of the ~~school,~~ college or university selected.
- Applicants must have a minimum GPA of 2.5 (on a 4.0 scale) while in high school and, if seeking renewal of the scholarship, a minimum GPA of 2.5 (on a 4.0 scale) while in college.
- Upon initial award, the primary residence of the applicant's parents/guardians must be served by KPUB.
- The applicant must submit a completed KPUB Scholarship Application, an official high school transcript, two letters of recommendation from teachers, principals, counselors, etc. from the high school that is currently being attended, and a current Student Aid Report (SAR). *Incomplete packets will not be considered.*
- Students applying for renewal of the scholarship will have to prove continuing eligibility by submitting official college transcripts each year.

Program Guidelines

- A Scholarship Selection Committee will choose candidates and an alternate for the available scholarships to be awarded.
- Scholarships will be granted to attend ~~an accredited technical school, trade school, public or~~ private college or university in the State of Texas.
- Scholarship recipients must be considered by the registrar to be a full-time student.
- Awarded scholarships will be mailed directly to the Financial Aid Office of the selected school, college or university.

Application Process

- Scholarship applications and guidelines will be available on our website at www.kpub.com and in the KPUB office at 2250 Memorial Blvd, Kerrville, Texas.
- Successful applicants will be announced by April 30, ~~2022~~2023.

Deadline

Completed application packets must be received by **5 p.m. CST, Friday, February 25~~24~~, 2022**2023, in the KPUB office located at: 2250 Memorial Boulevard, Kerrville, Texas 78028.



2023 Kerrville Public Utility Board Scholarship Program

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Awards

- Two (2) \$1,500 per year renewable scholarships for a total of up to \$6,000 overall
Eligible students may receive \$1,500 per year for up to four years

Eligibility

- Applicants must be graduating high school seniors who are enrolling for the first time in a full- time course of study at an accredited public/private college or university in the State of Texas.
- Applicants must be able to meet the requirements of the college or university selected.
- Applicants must have a minimum GPA of 2.5 (on a 4.0 scale) while in high school and, if seeking renewal of the scholarship, a minimum GPA of 2.5 (on a 4.0 scale) while in college.
- Upon initial award, the primary residence of the applicant's parents/guardians must be served by KPUB.
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Program Guidelines

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Deadline

Completed application packets must be received by **5 p.m. CST, Friday, February 24, 2023**, in the KPUB office located at: 2250 Memorial Boulevard, Kerrville, Texas 78028.

KPUB SCHOLARSHIP EVALUATION FORM

Applicant Number: _____

JUDGING CRITERIA	DESCRIPTION	Max Points	JUDGE A	JUDGE B	JUDGE C
Active in school related organizations (Honor Society, Student Council, etc.)	Active = 1 -5 points Very Active = 6 -10 points	10			
Demonstrates community involvement (Volunteer work, civic group or club, etc.)	Active = 1 - 5 points Very Active = 6 - 10 points	10			
Answer to: Why You Should Receive This Scholarship		10			
Academic Achievement (GPA, SAT, ACT)		35			
Economic Need	EFC < \$4995 = 20 points EFC \$4995 - \$7500 = 35 points EFC > \$7500 = 10 points	35			
TOTAL SCORES		100			

AVERAGE TOTAL SCORE

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