

June 14, 2024

**OFFICIAL NOTICE
OF A
REGULAR MONTHLY MEETING**

The Kerrville Public Utility Board will hold its Regular Monthly Meeting on Tuesday, June 18, 2024, beginning at 8:30 a.m. The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.



Lidia S. Goldthorn, Assistant Secretary

AGENDA
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
TUESDAY, JUNE 18, 2024, 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

Pursuant to Chapter 551.127, Texas Government Code, one or more members of the Board of Directors or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.

CALL TO ORDER:

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. CITIZEN/CONSUMER OPEN FORUM:

Members of the public may address the Board. Prior to speaking, each speaker must sign in with their name, address and the topic to be addressed. The Board may not discuss or take any action on an item not on the agenda but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcements of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognition of KPUB officials, employees; reminders about upcoming events sponsored by KPUB. No action taken.

** Please note: Upcoming Board Meetings are tentatively scheduled for:*

- *Wednesday, July 17, 2024 at 8:30 a.m.*
- *Wednesday, August 28, 2024 at 8:30 a.m.*
- *Wednesday, September 18, 2024 at 8:30 a.m.*

3. AWARDING OF ADDITIONAL KPUB SCHOLARSHIP FOR 2023-2024 SCHOOL YEAR – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

1

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

I. 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
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales
 - (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

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

6. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a Board Member asks for separate consideration of an item. It is recommended that the Board approve the following items which will grant the General Manager to take all actions necessary for each approval:

6A.	APPROVAL OF MINUTES – Approval of the May 15, 2024, Regular Monthly Board Meeting Minutes	2
6B.	RESOLUTION NO. 24-11 – JILL COOK, ACCOUNTING SUPERVISOR. A Resolution approving payment to various providers of services or supplies	8
6C.	APPROVAL AND REPORTING OF PURCHASES AND SALES:	
	1. Fleet Sales – (Howard Hall, Field Services Supervisor)	11
	2. Streetlight Poles and Fixtures – (Mike Wittler, CEO)	14
6D.	RESOLUTION NO. 24-12 – MIKE WITTLER, CEO. A Resolution amending and restating Board Policy No. 42, Purchasing and Procurement	17

7. FINANCIAL REPORT – JILL COOK, ACCOUNTING SUPERVISOR: 46

8.	<u>CONSIDERATION AND ACTION ON RESOLUTION NO. 24-13 – MIKE WITTLER, CEO:</u>	53
	A Resolution requesting the City of Kerrville approve the creation of a public facility corporation.	
9.	<u>CONSIDERATION AND POSSIBLE ACTION ON ANNUAL FUNDING REQUEST FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GIL SALINAS, COO:</u>	55
10.	<u>PRESENTATION FROM AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE ESSENTIALS – MIKE WITTLER, CEO:</u>	
11.	<u>ADJOURNMENT</u>	

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring

From: Allison Bueché

Date: June 6, 2024

Re: Agenda Item No. 3—Awarding KPUB Scholarships for the 2023-2024 School Year

We are pleased to announce that Gael Cruces is the second recipient of the KPUB Trade & Technical School Scholarship for 2024. Each year, up to two students are selected to receive this award. Last month, we awarded the first scholarship to Abel Luna, and now we are honored to present the second scholarship to Gael Cruces

Gael recently graduated from Tivy High School and has been accepted to Texas State Technical College in Waco, where he will major in Diesel Mechanics. This scholarship award is \$1,000 per year and is renewable for two years, totaling \$2,000.

We are excited to support Gael as he pursues his education and career in auto mechanics. Please let me know if you have any questions.

Sincerely,



Allison Bueché
Director of Customer & Community Relations

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, MAY 15, 2024, AT 8:33 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Tammye Riley, Director of Operations
Allison Bueché, Director of Customer and Community Relations
Howard Hall, Field Services Supervisor
Jill Cook, Accounting Supervisor
Damon Richardson, Purchasing Agent
Mark Alejandro (*Via teleconference*)
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
Lucas Green, Allison & Jeremy Green, Claire & Leon Butts
Manami Dolley
Abel Luna

1. CALL TO ORDER:

Mr. Larry Howard, Vice Chairman, called the Regular Monthly Meeting to order at 8:33 a.m.

2. PLEDGE OF ALLEGIANCE:

3. OATH OF OFFICE:

Assistant Secretary Lidia Goldthorn administered the Oath of Office and Statement of Appointed Office to incoming Trustees, Rachel Johnston and Mayor Joe Herring, Jr.

4. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

5. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted Eric Hancock as the staff spotlight for the month. Mr. Hancock has been with KPUB for two and a half years. She announced KPUB Lineman Apprenticeship Graduates Nathaniel Crabtree, Justin Martinez and Joseph Buenrostro. KPUB employees volunteered for Habitat Home Day and two Food Pantry events. KPUB participated in a Community Weatherization Event at Doyle Community Center as well as Big Truck Story Time at Butt Holdsworth Library. Employees also participated in Arc & Spark, and career Day events at several area schools. KPUB will host a Blood Drive on June 20th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Tuesday, June 18, 2024 at 8:30 a.m. (one day earlier than normal)*
- *Wednesday, July 17, 2024 at 8:30 a.m.*
- *Wednesday, August 21, 2024 at 8:30 a.m.*

6. AWARDING OF KPUB SCHOLARSHIPS FOR 2023-2024 SCHOOL YEAR – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

Ms. Bueché advised 2024 marks the thirteenth year that KPUB has awarded scholarships to local area students, based on eligibility and guidelines as defined in the KPUB Scholarship program. The deadline for this year's undergraduate scholarships was April 1, 2024 at 5:00 p.m. Thirty-two qualified applications were received. Two applications were received for the trade and technical scholarship offering. She advised the KPUB Scholarship Selection Committee, consisting of Larry Howard, Holly Lambert (Ingram ISD) and Lauren Jette (KISD), thoroughly reviewed each application. Eligible applicants were scored on academic achievement, economic need, participation in school activities, work history, community involvement and a short essay. The two applicants with the highest scores, who received this year's undergraduate scholarships, were Lucas Green and Manami (Ally) Dolley. The applicant with the highest score that received one of the two available trade and technical scholarships was Abel Luna. Lucas Green is currently deciding between two schools: Lubbock Christian University and Abilene Christian University. He has been accepted into both universities and their honors colleges and plans to major in Business Management or Finance. Lucas is currently a senior at Tivy High School. Ally Dolley has been accepted to the University of Texas at Austin and will major in Theatre and Dance with a focus in Technology & Design. Ally is currently a senior at Tivy High School. These scholarships are \$1,500 a year and renewable for up to four years. Abel Luna has been accepted to Texas State Technical College in Waco and will major in Auto Mechanics. He is currently a senior at Ingram Moore High School. This scholarship is \$1,000 a year and renewable for two years. Ms. Bueché added that KPUB is honored to present Lucas Green, Ally Dolley and Abel Luna with a KPUB Scholarship.

**At this time the Board took a quick break for a photograph of the scholarship recipients.*

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

Ms. Dozier presented the final financial statements for the month of April 2024. Ms. Dozier noted a \$148K decrease in net position; \$3.0M in operating revenue; \$3.1M in operating expense; \$165K in operating loss; \$173K in other non-operating expense due to retired equipment. \$16.4M in over collection of power cost adjustment as of April 30, 2024; and \$44.6M invested in investment pools and an investment account at Happy State Bank. The completely liquid, fully collateralized investment at Happy State Bank earned a rate of 5.31% in April. The investment pool account at LOGIC earned at a rate of 5.45%, while TexPool earned 5.31% for April. The Investment Committee recommended opening a new local

government pool account with Texas CLASS, which is earning rates similar to LOGIC. The resolution was attached for the Board's consideration. The current rate structure was implemented on November 1, 2023. The overall residential bill for 1,000 kWh of power remains at \$102.50, but the power cost portion of the bill was reduced from \$72.95 to \$70.45 by reducing the power cost adjustment factor. Power costs in April were lower than the billed rate, resulting in an increase of \$343K in the over collection account. Staff continues to monitor prices closely and recommend keeping the PCA at \$102.50 at this time. Ms. Dozier also provided a PowerPoint presentation with highlights and financial metrics from her memo.

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 on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales
 - (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

III. EXECUTIVE CLOSED SESSION – DELIBERATION REGARDING REAL PROPERTY:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of "Deliberation Regarding Real Property" regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

IV. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:

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

A. Personnel Matters

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

Staff asked the Board of Trustees if there was a motion that the Board convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, “Deliberation Regarding Real Property” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.072, and “Personnel Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Glenn Andrew, Treasurer, so moved. Bill Thomas, Secretary, seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 9:09 a.m. Vice Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 11:23 a.m.

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

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

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

Chairman – Larry Howard
Vice-Chairman – Bill Thomas
Secretary – Glenn Andrew
Treasurer – Rachel Johnston

And those members serve in the various Committees as follows:

Personnel Committee – Chairman, Vice Chairman and CEO
Investment Committee – Vice Chairman, Treasurer, CEO and DOF
Budget & Audit Committee – Vice Chairman, Treasurer, CEO and DOF
Power Supply Committee – Glenn Andrew, Bill Thomas, CEO and DOF
Economic Development Committee – Larry Howard and Glenn Andrew

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

10. CONSENT AGENDA:

Mr. Andrew made a motion to accept items in the consent agenda. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

- 10A. APPROVAL OF MINUTES.
- 10B. RESOLUTION NO. 24-06 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.
- 10C. RESOLUTION NO. 24-07 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution authorizing and approving signatures for the Kerrville Public Utility Board of Trustees and Management for purposes of bank accounts, investments and financial transactions.
- 10D. RESOLUTION NO. 24-08 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving and changing authorized representatives for Local Government Investment Cooperative.
- 10E. RESOLUTION NO. 24-09 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving and amending authorized representatives for Texas Local Government Investment Pool.
- 10F. RESOLUTION NO. 24-10 – AMY DOZER, DIRECTOR OF FINANCE. A Resolution approving participation in the Texas Cooperative Liquid Assets Securities System Trust.
- 10G. MARCH 2024 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the March 2024, Quarterly Funds Report as presented to the Investment Committee following the April 17, 2024, Board Meeting.

END OF CONSENT AGENDA

11. CONSIDERATION AND ACTION ON APPROVAL OF ECONOMIC DEVELOPMENT RATE FOR MEGAACRETE – MIKE WITTLER, CEO:

Mr. Wittler advised the Kerr Economic Development Corporation requested that MegAACrete be placed on KPUB's Economic Development Rate at its Peterson Farm Road location. In addition, the Economic Development GO Team recommended approval of the KPUB economic development rate for this project. He added that MegAACrete meets the eligibility criteria for KPUB's Economic Development rate as a primary industry employer and as a large load addition. Staff recommended approval of the economic development support request for MegAACrete. Mr. Wittler provided KPUB's Economic Development Rider for the Board's reference. After discussion by the Board, Mr. Andrew moved to approve the economic development support request for MegAACrete. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

12. PRESENTATION FROM AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE ESSENTIALS – MIKE WITTLER, CEO:

Mr. Wittler elected to postpone this item.

13. ADJOURNMENT

Chairman Howard adjourned the Regular Board Meeting at 11:30 a.m.

Date Approved: _____

Larry Howard, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: June 12, 2024

Re: Agenda Item No. 6B – Resolution No. 24-11

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between May 9, 2024 and June 12, 2024 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	CPS	April 2024	268,831.08	05/17/2024
2	NextEra	April 2024	469,440.00	05/17/2024
3	Concho Bluff	April 2024	74,411.97	05/22/2024
4	DG Solar	April 2024	51,923.87	05/24/2024
5	Engie	April 2024	89,015.75	05/29/2024
6	Garland	April 2024	368,292.93	05/30/2024
7	LCRA	April 2024	694,109.30	06/03/2024
Payroll:				
1	Payroll	Pay period ending 5/4/2024	144,205.36	05/10/2024
2	Payroll	Pay period ending 5/18/2024	144,383.00	05/24/2024
3	Payroll	Pay period ending 6/1/2024	149,783.47	06/07/2024
4	Payroll Taxes	Pay period ending 5/4/2024	50,705.57	05/15/2024
5	Payroll Taxes	Pay period ending 5/18/2024	51,324.34	05/29/2024
6	Payroll Taxes	Pay period ending 6/1/2024	52,264.40	06/12/2024
Employee Benefits:				
1	TX Health Benefits	Health Insurance - June	91,787.24	06/03/2024
2	TMRS	Pension - May Payroll	84,121.89	06/12/2024
Investment Transfers:				
1	Happy State Bank	Investment Transfer	500,000.00	05/13/2024
2	Happy State Bank	Investment Transfer	400,000.00	05/17/2024
3	Logic	Transfer to Happy Investment	10,000,000.00	05/20/2024
4	Happy State Bank Inv	Transfer to Texas Class	4,000,000.00	05/21/2024
5	Happy State Bank Inv	Transfer to Texas Class	10,000,000.00	05/21/2024
6	Happy State Bank	Investment Transfer	600,000.00	05/24/2024
7	Happy State Bank	Investment Transfer	900,000.00	05/31/2024
8	Happy State Bank	Investment Transfer	600,000.00	06/07/2024

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. 24-11

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 18th day of June, 2024

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Howard Hall

Date: June 12, 2024

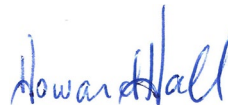
Re: Agenda Item No. 6C.1– Approval and Reporting of Purchases and Sales

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

- 1. Fleet Sales.** The following vehicle was auctioned and sold thru JJ Kane Auctioneers. Unit 3230, 2013 Freightliner Bucket Truck for \$26,125. The amount mentioned is the price after the auctioneer percentage was deducted from the sale price. Attach is the sellers report.

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

Sincerely,



Howard Hall
Supervisor, Field Services

Payout ID: 140076

Auction ID: 968



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 455-5263

Fax: (877) 346-8960

J.J. Kane Exchange, LLC d/b/a J.J. Kane Auctioneers
33 Inverness Center Parkway Birmingham, AL 35242

LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

05/08/2024 AL (Central Regional - Day 2) - 968

23655	Altec AM55-MH, 60 ft, Over-Center Material Handling	Amt Bid:	\$27,500.00	-- EXPENSE --	-EXPLANATION-	
3230	Bucket Truck s/n 0912DM4490, with two-man bucket & 4 hyd outriggers, rear mounted on 2013 Freightliner M2 106 Utility Truck, 6.7L diesel, Auto, A/C, (54,696 miles) (Runs and Moves, Upper Operates)	Commission:	\$1,375.00	Adjustments:	\$0.00	
	NOTE: This unit is being sold AS IS/WHERE IS via Timed Auction. For pickup information and terms, please reference the release form. (Missing manuals, See Auction Company for Manufacturers Information to obtain manuals) (Buyer is responsible for removal. Assistance by consignor or JJ Kane Auctioneers is not assured.)	Transportation:	\$0.00	Parts/Repairs:	\$0.00	\$26,125.00
		Washing:	\$0.00	Misc Exp 1:	\$0.00	
		Decommission:	\$0.00	Misc Exp 2:	\$0.00	
	V.I.N.: 1FVACXDT5DHFA9407					
	Arrival Date: 04/22/2024					

Payout ID: 140076

Auction ID: 968



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 455-5263

Fax: (877) 346-8960

J.J. Kane Exchange, LLC d/b/a J.J. Kane Auctioneers
33 Inverness Center Parkway Birmingham, AL 35242

LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

05/08/2024 AL (Central Regional - Day 2) - 968

LOT SPECIFIC AMOUNTS and FEES

TOTAL AMOUNT OF ALL LOTS SOLD:	\$27,500.00
TOTAL AMOUNT OF No Sales:	\$0.00
TOTAL AMOUNT OF Commission:	\$1,375.00
TOTAL AMOUNT OF Transportation:	\$0.00
TOTAL AMOUNT OF Washing:	\$0.00
TOTAL AMOUNT OF Decommission:	\$0.00
TOTAL AMOUNT OF Adjustments:	\$0.00
TOTAL AMOUNT OF Parts/Repairs:	\$0.00
TOTAL AMOUNT OF Misc Exp 1:	\$0.00
TOTAL AMOUNT OF Misc Exp 2:	\$0.00
LOTS SUBTOTAL:	\$26,125.00

SELLER SPECIFIC EXPENSES and INCOME

Seller Expenses	Advertising:	\$0.00	SELLER NET \$26,125.00
		\$0.00	
		\$0.00	
		\$0.00	
Seller Income		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Mike Wittler

Date: June 14, 2024

Re: Agenda Item 6C.2. – Purchase of Decorative Streetlight Poles and Fixtures

KPUB staff has worked with City staff to establish a standard decorative streetlight pole and fixture to be used throughout the KPUB service area.

Staff is recommending the approval of a purchase order to Preister Mell and Nicholson for a total of 14 decorative streetlight poles with arms and fixtures with a total cost of \$115,080.

Seven of the streetlight poles will be used near the intersection of Water and Clay Streets. We have also received inquiries about installing decorative streetlighting by groups from Ingram and Riverhill.

The cost of the purchase and installation of these poles is recovered through a rate for decorative lighting that was previously approved by the Board.

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

Sincerely,



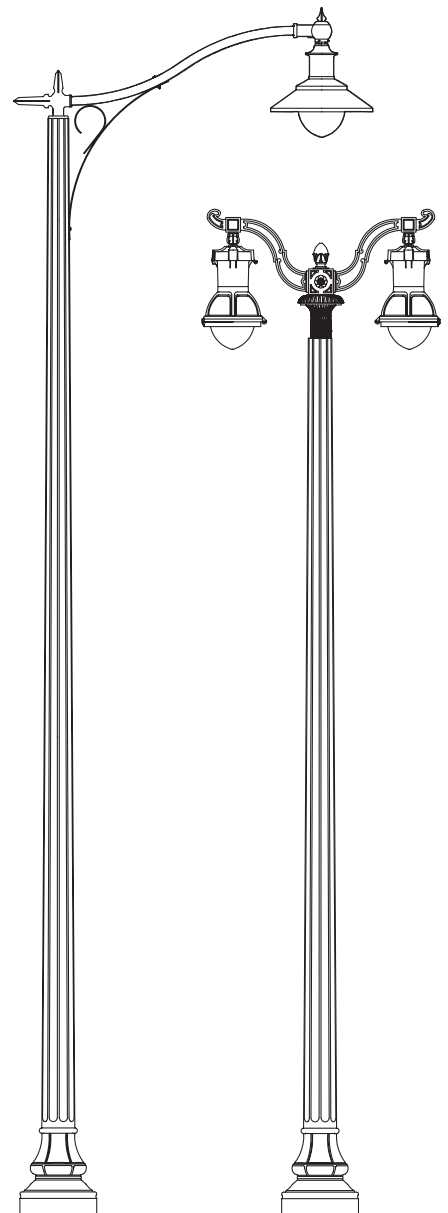
Mike Wittler
CEO



The Americana Series

THE WASHINGTON

The Washington design has a long history. Originally installed around the Capital Hill & White House grounds in 1910, it is now widely used throughout the DC area and has become extremely popular across the country. StressCrete is proud to introduce a spun concrete 10 fluted version of this historic design. It is available in heights from 5' to 30' as well as a lighted and nonlighted bollard.



Bid Evaluation RFP-2024-05-31

Kerrville Public Utility Board Decorative Lighting Bid

	Fapco	Irby	Anixter	PMN	TEC	KBS
Poles	no bid	\$69,366.36	\$69,356.00	\$68,642.00	\$74,830.00	\$69,356.00
Lights	no bid	\$13,941.06	\$13,930.00	\$14,434.00	\$15,050.00	\$13,930.00
Arms	no bid	\$32,995.90	\$32,991.00	\$32,004.00	\$35,616.00	\$32,984.00
Total:		\$0.00	\$116,303.32	\$116,277.00	\$115,080.00	\$125,496.00
Lead Time						

Bidding StressCrete

Bidding Alternate

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Mike Wittler

Date: June 13, 2024

Re: Agenda Item 6D. – Resolution 24-12 Amending and Restating Board Policy 42
Purchasing and Procurement

Attached are proposed revisions to our purchasing and procurement policy, with all changes marked in redlines. The changes consist of edits to section 42.36 and 42.37 and the additions of sections 42.70 and 42.80. These revisions will provide KPUB with more flexibility to make procurements for the potential peaking generation project and future projects like it.

The revision to 42.36 and new sections 42.70 and 42.80 were drafted by DTRG Law after a number of consultations regarding possible project structures and the Texas Energy Fund application process. Generation projects and procurements are considered competitive and are exempt from the processes and requirements laid out in the state governmental purchasing statutes.

Staff is recommending approval of the attached Resolution 24-12.

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

Sincerely,



Mike Wittler
CEO

RESOLUTION NO. 24-12

**A RESOLUTION OF KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING
AMENDMENT OF THE PURCHASING AND PROCUREMENT POLICY.**

WHEREAS, Kerrville Public Utility Board has a Purchasing and Procurement Policy created by Resolution No. 01-10 and revised by Resolutions No. 10-10, 16-25 and 23-11; and

WHEREAS, Kerrville Public Utility Board desires to amend the policy to clarify, streamline and improve certain provisions due to recent legislative changes and operational and business considerations, and

WHEREAS, the proposed amended Purchasing and Procurement Policy is attached to this resolution; now, therefore,

BE IT RESOLVED BY KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That revised BOARD POLICY 42 PURCHASING AND PROCUREMENT attached hereto as Exhibit "A" is hereby adopted by the Board.

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

PASSED, APPROVED AND ADOPTED on this 18th day of June, 2024

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary

KERRVILLE PUBLIC UTILITY BOARD	
BOARD POLICY 42	
Title: Purchasing and Procurement Policy	
Effective Date: <u>June , 2024</u>	<u>Resolution No. 24-</u>
<u>Revision:</u> July 26, 2023	Resolution No. 23-11
<u>Revision:</u> November 16, 2016	<u>Resolution No.</u> 16-25
May 17, 2010	10-10
August 20, 2001	01-10

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42.00 Purpose

The purpose of this Kerrville Public Utility Board of Trustees (Board) Policy is to establish the procurement standards and authority of the Kerrville Public Utility Board (KPUB) General Manager & CEO to purchase, lease and sell property, goods and services needed for KPUB to fulfill its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price.

This Policy supersedes Subsection 10.111 of Section 10.110 (Contracts and Purchase Orders) of Board Policy 10 "Bylaws of the Kerrville Public Utility Board" adopted October 1, 1988.

This Policy also supersedes Section 15.10(a) Items 3 and 4, Section 15.10(b) Items 3 and 4, and Sections 15.20, 15.30, and 15.50 of Board Policy 15 "Management Responsibility" adopted October 1, 1988.

42.10 Philosophy and Public Purpose to be Served

In the course of providing electric service, KPUB purchases significant goods and services from suppliers and vendors. It is the philosophy of the Board and KPUB Management that such goods and services should:

1. Be obtained at reasonable cost;
2. Be of high quality; and
3. Be awarded based on best value to KPUB. The primary considerations of best value are 1) price and 2) conformance to specifications; however, other best value criteria may include, but not be limited to:
 - Offeror's safety record,

- Quality, availability, and adaptability of goods or services,
- Scope of conditions attached to proposal,
- Offeror's ability, capacity, and skill to perform or provide required service in a timely manner,
- Offeror's character, responsibility, integrity, and experience,
- Quality of performance in previous contracts,
- Offeror's previous and existing compliance with laws relating to contract,
- Previous non-compliance with specification requirements,
- Sufficiency of offeror's financial resources,
- Offeror's ability to provide future maintenance, repair, parts, and service and/or
- Other criteria as specified in the bid or proposal request.

In addition, it is the Board's desire that the following be achieved for the benefit of KPUB customers, and the City of Kerrville, Texas and its citizens:

4. Emphasize the safety of KPUB's personnel and customers;
5. Protect and enhance the ability of KPUB to provide reliable energy-related products and services on a competitive basis;
6. Encourage all segments of the local business community, including small, disadvantaged, service-disabled, veteran-owned, minority-owned, and women-owned businesses (i.e., historically underutilized businesses), to participate in the KPUB procurement process;
7. Provide for a sufficient, timely and uninterrupted supply of materials and services; and
8. Adhere to all applicable laws and regulations adopted by federal, state, city and county jurisdictions.

Further, these procurement and purchasing activities will be conducted in a manner that promotes and maintains public confidence in KPUB, its Board, and the General Manager & CEO; and in their management and operation of the electric system of the City of Kerrville, Texas.

42.20 Specific Limitations

As indicated below, specific limitations are hereby set for the various categories of KPUB procurements. The categories include the following: 1) Professional and/or Personal Services, 2) General Services, 3) Commodity and Material Goods, 4) Strategic Alliances, 5) Real Estate, 6) Interlocal Agreements and 7) Electricity and Related Products/Services. Any procurement above the stated limitations will require Board approval in advance of the procurement. In addition, the Board will receive quarterly reporting by vendor for individual payments over \$10,000 and cumulative payments over \$10,000 to a single vendor on a rolling 12-month basis.

The following table summarizes Board approval requirements by category:

Category	Board Approval Level
Professional and/or Personal Services	Over \$100,000
General Services	Over \$100,000
Commodity and Material Goods	Over \$250,000 – Inventory Over \$100,000 – Non-Inventory
Strategic Alliances	Initial Contract Purchases over \$250,000
Real Estate	All real estate purchases Leases over \$50,000
Interlocal Agreements	All interlocal agreements
Electricity and Related Products/Services	All power purchase agreements or other purchases exceeding 5% of annual purchased power budget

The General Manager & CEO is authorized to approve change orders which result in an increase in purchase price of up to 25% of the amount approved by the Board for the purchase. For purchases that did not require Board approval originally, Board approval is required for a change order that causes the purchase to exceed the limitations outlined below.

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42.21 Professional and/or Personal Services

“Professional and/or Personal Services” are defined as services provided by those individuals or entities that possess unique education, knowledge and/or skills that would add to and/or supplement KPUB’s internal knowledge and skills toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of Professional and/or Personal Service providers include, but are not limited to, engineers, lawyers, accountants, architects, media and communication consultants, insurance brokers/advisors, and lobbyists. The limit for expenditures to be paid to any single Professional and/or Personal Service provider without prior approval by the Board shall be \$100,000 per purchase order/contract.

42.22 General Services

“General Services” are defined as those services, other than Professional and/or Personal Services, or Electricity and Related Products/Services, normally subject to Chapter 252, Local Government Code, that are provided by individuals or entities, and that are considered necessary by KPUB toward fulfilling its mission to

be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of General Service providers include, but are not limited to insurance, security, landscaping, janitorial services, line extension, repair and maintenance work, including support of generation equipment, and printing services. The limit for expenditures to be paid to any single General Service provider without prior approval by the Board shall be \$100,000 per purchase order/contract.

42.23 Commodity and Material Goods

“Commodity and Material Goods” are defined as physical goods needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of Commodity and Material Goods include, but are not limited to, inventory, materials, parts and equipment used to construct, maintain and operate the electric system, plus technology hardware and software. Real Estate, Electricity and Related Products/Services, Professional and/or Personal Services; and General Services, as defined herein, are not included in this definition, except to the extent that any General, Professional, or Personal Services from the same vendor are necessarily included in the purchase or lease of the commodity and materials in question, e.g., technical assistance and installation services for technology equipment. The limit for expenditures to be paid for Commodity and Material Goods to any single vendor without prior approval by the Board shall be \$250,000.00 per purchase order/contract for inventory items and \$100,000 for non-inventory items. Renewals of subscription-based information technology arrangements for existing technology do not require Board approval, but do require authorization by the General Manager & CEO.

42.24 Strategic Alliances

“Strategic Alliances” are defined as those special associations or contractual relationships with other individuals or entities that further the interest of the parties and which represent best value to KPUB in fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Strategic Alliances may have elements of both General Services and Commodity and Material Goods. Examples of Strategic Alliances include, but are not limited to, vendor-managed inventory control, material palleting and job-site delivery, and “back office” services. A Strategic Alliance may include a participation agreement, such as a research and development funding agreement, which relates to KPUB business product development, business development, or testing of energy-related products. This category does not include Professional Services. All Strategic Alliance agreements and individual purchases over \$250,000 shall be Board approved.

42.25 Real Estate (Purchases and Leaseholds)

“Real Estate” is defined as real property, with or without improvements, needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of Real Estate include, but are not limited to, land needed for plant and

equipment installation, and improved land containing office buildings for staff and customer service operations. All expenditures for the purchase of Real Estate shall be Board approved.

“Leaseholds” are defined as the leasing of real property needed by KPUB toward fulfilling its mission. The limit for expenditures to be paid for Leaseholds without prior approval by the Board shall be \$50,000 over the term of the lease.

42.26 Interlocal Agreements

The Board of Trustees will approve all interlocal agreements.

42.27 Electricity and Related Products/Services

"Electricity and Related Products/Services" is defined as electricity and those products and services directly related to wholesale power purchases which are needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price, including electricity, generation capacity, Renewable Energy Credits, Transmission Congestion Rights, ancillary services, and scheduling and settlement services. All power purchase agreements require Board approval. The limit for other Electricity and Related Products/Services without prior approval by the Board shall be cumulative transactions up to five percent (5%) of KPUB's annual energy requirements as set forth in the current year's budget.

42.30 Alternative Procurement Procedures in Response to Electric Deregulation

42.31 Background

Rules governing purchases made by municipalities serve the public good by ensuring an open and equitable marketplace for all potential vendors, however, electric deregulation creates an atmosphere in which KPUB could become competitively disadvantaged using those rules. This is primarily due to KPUB being required:

1. To follow less efficient procurement processes than investor-owned utilities and other electric participants.
2. To maintain an open process whereby industry competitors could easily gain knowledge of KPUB's competitive activities, agreements and associated cost information.

In response to the competitive aspects of electric deregulation in 1999, Section 252.022 of the Texas Local Government Code was amended to state that the Code does not apply to expenditures by a municipally-owned electric utility made in accordance with a procurement process adopted by its Board of Trustees. This allows greater flexibility in procurement so that municipally-owned electric utilities can compete in a manner consistent with private utilities so long as the public purpose supporting the new procedures is clearly outlined. This provision is available whether or not the utility has adopted retail choice.

42.32 Public Purpose

The public purpose supporting the Procurement Procedures Alternative to Chapter 252 shall be consistent with the "Purpose" and "Philosophy and Public Purpose to be Served" sections of this Policy, with an increased emphasis on the following:

1. Increasing business efficiencies.
2. Improving KPUB's ability to compete.

42.33 Basis for Use of Procurement Procedures Alternative to Chapter 252

The Alternative Procurement Procedures to Chapter 252 ("Procedures") provides procedures that will direct KPUB procurement activity that would normally fall under the requirements of Chapter 252 of the Local Government Code. However, nothing in the Procedures precludes KPUB from utilizing other mechanisms for procurement that may be provided by law, including Chapter 252.

42.34 General Provisions

Notwithstanding any other provision of these Procedures to the contrary, KPUB will conduct the procurement of all goods and services for the electric utility in accordance with these Procedures and applicable law. The "Purpose", "Philosophy and Public Purpose to be Served", and "Specific Limitations" sections of this Policy apply to the "Alternative Procurement Procedures."

Alternative Procurement Procedure purchases shall be subject to some form of competition, commensurate with economic value of the item purchased. Approved procurement methods are:

Non-Competitive Procurement. For purchases under \$5,000, no quotes or bids are required. The authorizing employee for the purchase will review Non-Competitive Purchases to ensure appropriate pricing and good business practices are being followed to obtain best value for KPUB.

Informal Procurement. This section applies to:

- Professional and/or Personal Services between \$5,000 and \$100,000
- General Services between \$5,000 and \$100,000
- Commodity and Material Goods between \$5,000 and \$250,000

Generally, three quotations shall be obtained. KPUB is encouraged, but not required to contact Historically Underutilized Business (HUB) vendors whenever practical.

Component orders or contracts each less than the limits above, but which in the aggregate exceed that amount and which reasonably should be included in one order or contract shall not be used to avoid the Formal Procurement Process.

Formal Procurement. This section applies to:

- Professional and/or Personal Services over \$100,000
- General Services over \$100,000
- Commodity and Material Goods over \$250,000

A formal competitive procurement procedure will be conducted using the following process:

1. KPUB shall issue one or more solicitations for proposals that allow offerors to propose one or a combination of goods and/or services generally or specifically described in the solicitation. In order for KPUB to take advantage of vendor expertise, new technologies, or other commercial developments, the request may solicit a range of features, benefits and contract components from the offerors.
2. The solicitation shall specify the evaluation factors to be used in reviewing the proposals and awarding the final contract. Based upon an initial evaluation of proposals, KPUB shall determine those offerors who are reasonably qualified for award of final contract(s). Discussions in accordance with the terms of the requests for proposals may be conducted with offerors so determined to be qualified, with all qualified offerors being treated fairly and equitably with respect to opportunity for discussion and revisions of proposals.
3. Notice to vendors may be made by the most expeditious and economical means, including but not limited to website, newspaper, facsimile, electronic mail, personal delivery, or U.S. mail. –Proposals will be available for public inspection after opening, unless otherwise provided for in these procedures.
4. For purchases other than commodity or material goods anticipated to exceed \$250,000, sealed proposals will be required. Proposal submission methods will be specified in the proposal/bid instructions and may include an online portal, email or hard copy. Proposals will be opened publicly, announced and be available for public inspection after opening, unless otherwise provided for in these procedures. Commodity and Material Goods purchases require bids and Board approval, but do not require sealed bids or a public bid opening.
5. Revised proposals may be solicited at the discretion of KPUB, for any one or more elements of the procurement from any qualified offerors for the selected element. To obtain best and final offers, revisions by qualified offerors may be permitted by KPUB after the submissions and before the award of a contract.
6. The award shall be based on a good faith judgment of those proposals deemed to be the most advantageous to KPUB considering the relative importance of price and the other evaluation factors specified in the request for proposals. KPUB reserves the right to reject any and all proposals, including those with variances, irregularities or deficiencies, to waive formalities, and to award a contract as the best interests of KPUB and its customers may require.

7. If changes in plans or specifications are necessary after the performance of the contract is begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, the changes may be approved consistent with the "Procurement Authorization Levels" in Section 42.20 of this Policy.

42.35 Other Considerations and Requirements

1. Bonds – KPUB may require bid bonds, payment bonds, and performance bonds at its discretion. Any bond requirements will be detailed in the bid or proposal specifications.
2. Insurance – KPUB will determine insurance requirements based on project risk and Texas law. Any insurance requirements will be detailed in the bid or proposal specifications.
3. Chapter 176 Conflict of Interest Questionnaire - KPUB and its vendors/suppliers will comply with Local Government Code Chapter 176 regarding conflicts of interest. If a conflict of interest exists, vendors must file Form CIQ with KPUB within 7 business days after the vendor becomes aware of the conflict or with a bid or proposal, whichever is earlier.
4. Certificate of Interested Parties (Form 1295) - KPUB and its vendors/suppliers will comply with Government Code section 2252.908 relating to the disclosure of interested parties using Form 1295 if applicable to the purchase. With regards to KPUB purchases, a vendor that is awarded a contract or purchase requiring Board approval is required to electronically file Form 1295 through the Texas Ethics Commission website and notify KPUB of the certificate number. A contract, including KPUB-issued purchase order, will not be enforceable or legally binding until KPUB receives and acknowledges receipt of the properly completed Form 1295 from the awarded vendor.
5. State Required Declarations – KPUB will provide vendors with a form containing declarations required by the State as of the date of the purchase. A contract, including a KPUB-issued purchase order, will not be enforceable or legally binding until KPUB receives the signed declaration from the vendor.

42.36 Exemptions to the Procurement Process

The general exemptions listed in the Local Government Code section 252.022, as amended from time to time, and the ~~exemptions provided below will govern the applicability~~ following provide a mechanism by which procurements may be made outside of the ~~formal~~ normal procurement processes embodied in this Policy including those in Section 42.34, above. To qualify for such an exception, the procurement must meet a critical and/or operational need of KPUB and require the utmost flexibility in the procurement process for these procedures. KPUB's competitive position.

The following exceptions may be utilized to meet KPUB's need for goods and services:

1. KPUB's inability to locate and/or use necessary and essential pieces of

equipment, materials, or items integral to its delivery of safe and reliable energy-related products and services that necessitates an immediate purchase be made in order to protect the public safety or preserve public property.

2. UnexpectedA procurement made necessary due to unexpected environmental or site conditions which, if not remedied efficiently and expeditiously, may materially impact life or property.
3. DesignA procurement made necessary due to design modifications necessary for compliance with unanticipated regulatory or legal requirements.
4. Emergency repairs due to unforeseen damage to or failure of equipment that necessitate an immediate procurement.
5. Potential financial loss due to significant delays of a project, or ~~in~~ KPUB's ability to acquire goods and services integral to KPUB's operations and competitive position within the energy market that necessitates a procurement.
6. A procurement made necessary due to KPUB's exposure to short-term or long-term liability for failure to preserve or protect public health or safety or to prevent harm or loss.
7. ConsiderationsA procurement made necessary due to considerations or time constraint and require a supplier's expertise ~~relevant to consideration of~~ for a supplier that is a natural monopoly or the sole source of captive replacement parts or components.
8. ServicesA procurement for services that, in KPUB's determination, require a labor or skill or expertise that is predominantly mental or intellectual, rather than physical or manual and/or which are highly technical, creative or unique in nature.
9. MarketA procurement made necessary due to market conditions that potentially threaten or adversely affect KPUB's ability to obtain sufficient and/or uninterrupted goods or services at the lowest practicable costs.
10. A procurement of goods, services, and/or a Strategic Alliance made immediately necessary in order for KPUB to competitively participate in the application process of an in-ERCOT generation loan program for loans, grants or funding, including but not limited to a program administered according to S.B. 2627, 88th Leg.
11. A procurement of goods, services, and/or a Strategic Alliance necessary for KPUB to competitively apply for loans, grants or funding against investor-owned utilities and other electric participants, who are not subject to public procurement regulations, and for which observance of the competitive procurement process would negatively affect KPUB's ability to effectively compete for such loans, grants or funding.

Determinations regarding the application of any exception under this Section 42.36 shall be made by the General Manager & CEO or his/her designee. The General Manager & CEO, or his/her designee, is strongly encouraged to be prudent in determining when an exception to the procurement competition requirements is

necessary. The type of exemption and necessary justifications and determination by the General Manager & CEO or his/her designee shall be recorded on a "Request for an Exempt Procurement" form prepared and maintained by KPUB staff. Such completed form(s) shall be available for Board review upon request and shall be subject to the protections afforded under Section 42.38 below

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42.37 Competitive Matter-Related Procurement

Notwithstanding any other provision of these Procedures to the contrary, KPUB may conduct the procurement of goods and services related to any competitive matter through inquiry, solicitation, evaluation, discussion and decision procedures under a competitive process.

A procurement of electric generation facilities and equipment, fuel, power supply and related services is considered Competitive Matter-Related Procurement. Other Competitive Matter-Related Procurement will be determined and adopted by resolution of the Board of Trustees.

Information related to the Competitive Matter-Related Procurement will be protected from public disclosure by reasonable means. Such reasonable means shall include, but not limited to, the presentation of information related to and the award of the procurement during an executive session of the Board.

For any Competitive Matter-Related Procurement, KPUB has the sole discretion to determine the type, manner, and timing of notice to the public and/or potential vendors, and no published notice, public opening, or a public reading shall be required.

42.38 Trade Secrets, Proprietary or Confidential Information

If, at the sole determination of the General Manager & CEO, or his/her designee, and consistent with Board policy, the subject matter of the procurement warrants nondisclosure of information to the public as permitted by Texas law, such information shall be omitted from the notice and protected from disclosure throughout the procurement process. At KPUB's discretion, solicitation information shall be considered confidential and proprietary and shall not, if so designated, be disclosed or made available for public inspection. For purposes of this section, "solicitation information" includes, but is not limited to, pricing and cost data such as rates and adjustment provisions, minimum quantity requirements, formula and process information, design manuals, drawings and technical data, and supply or source information.

Responses to solicitations containing confidential or proprietary information or trade secrets shall be opened in a manner that avoids disclosure of the contents to competing offerors or other persons and maintains the confidentiality of the information during and after the proposal opening, negotiations and evaluation of the proposals.

When, in the opinion of the General Manager & CEO, or his/her designee, a disclosure of information regarding the subject matter of a proposed procurement

or the contents of the proposal or offer may cause KPUB and/or the disclosing party competitive harm, or may, in KPUB's sole opinion, adversely impact KPUB's ability to assert any exception to disclosure under Chapter 552, Texas Government Code, if released by KPUB, then KPUB may require prospective vendors and/or third parties to enter into a written confidentiality agreement to protect such information. Thereafter, should further commitments to a business relationship be desired between KPUB and a proposed vendor, KPUB may require the vendor and any of its subcontractors, suppliers or consultants to agree to further confidentiality obligations by written agreement.

42.40 Supplier Diversity Program

KPUB is committed to a strong supplier diversity program. KPUB, therefore, encourages all segments of the local business community to actively participate in KPUB's procurement process.

To the extent available in the local business community, KPUB will contact at least two qualified local Historically Underutilized Businesses (HUBs) in Kerr County as identified by the Comptroller's Office website. If the list fails to identify a Kerr County HUB that provides the goods or services required, KPUB shall be exempt from this requirement.

42.50 Compelling Business Reasons to Bypass Board Approval

On occasion, KPUB General Management may have the need to act expeditiously to procure goods or services to meet a compelling business reason. Such action may include the need to bypass usual procurement practices, including Board approval in accordance with the "Specific Limitations" section of this Policy. The following describes some of the conditions under which a finding of "Compelling Business Reason" (CBR) may be deemed to be appropriate:

1. The procurement is necessary to meet a critical and time sensitive need for materials or services necessary to restore or maintain the reliability or safety of the electric system, or a major component or related business operation; or
2. The procurement is necessary to respond expeditiously to fluctuating market conditions wherein potential delays in the normal and routine procurement process governed by the Procurement Procedures Alternative to Chapter 252 (adopted under Section 42.30 of this Policy) would adversely affect KPUB's ability to obtain quality materials and/or services at a commercially reasonable price; or
3. The procurement is necessary to respond expeditiously to prevent or mitigate significant financial loss to KPUB due to inherent delays in the normal acquisition process.

The KPUB General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement would be made), with the concurrence of the Chairman of the Board (or in the absence of the Chairman, with the concurrence of the Vice-Chairman), is authorized to approve and/or execute contracts for the procurement of goods or services above the amounts specified under the "Specific Limitations" section of this Policy to meet a CBR. If the Chairman or Vice-Chairman of the Board is not available or cannot be reached, and the procurement is of a time-sensitive or urgent nature, the

General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement is being made) may execute the contract(s) for KPUB.

Within 24 hours of being contacted by the General Manager & CEO (or in his/her absence, by the senior management employee of the area for which the procurement is being made), the Chairman or Vice Chairman will then notify the other members of the Board by telephone or email of the need for the CBR. The Board will review any expenditure made under this section no later than at the next regularly scheduled Board meeting, or called work session. All procurement activities conducted on the basis of CBR shall be disclosed to the Board of Trustees on a quarterly basis.

The General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement is being made) shall be deliberative and judicious in exercising his/her authority under this section to only those situations warranting such use.

42.60 Sales of Surplus Materials

"Surplus Materials" is defined as any KPUB-owned property, including commodities, vehicles, equipment, materials, supplies, books, printed matter, and other property (Real Estate excluded), that is obsolete, unused, not needed for a public purpose, or ineffective for current use. The General Manager & CEO may, without Board approval:

1. Periodically sell KPUB's Surplus Material by public competitive bid or auction.
2. Offer KPUB's Surplus Material as a trade-in for new property of the same general type.
3. Order any Surplus Material to be destroyed or otherwise disposed of as worthless if it is of nominal value.
4. Dispose of Surplus Material by donating it to a civic or charitable organization if it is nominal value and the donation serves a public purpose.
5. Sell material to other utilities in response to mutual assistance inquiries specifically those regarding restoration efforts.
6. Sell material or installed facilities as needed to customers including but not limited to foreign attachment owners.
7. Sales that are not approved by the Board in advance, shall be reported to the Board on a quarterly basis.

The General Manager & CEO is responsible for ensuring that KPUB receives an appropriate price and that good business practices are followed.

42.70 Cooperation with Private Entities

KPUB, as a public entity, may use the authority set forth in the Utilities Code, Chapter 163, Section 163.012, and pursuant to the purchase policies and exemptions thereto set out in this Policy, to enter into an agreement with a private entity to jointly plan, finance, acquire, construct, own, operate, and maintain "electric facilities," as that term is defined in Chapter 163, except as noted otherwise in this Policy. Such agreement shall be for the purposes of achieving economies of scale in providing electric energy to the public; promoting the

economic development of this state and its natural resources; and to meet the state's future power needs.

42.80 Construction Delivery Methods

KPUB may use the construction delivery methods ("Construction Delivery Methods") for its construction projects consistent with the requirements set forth in the Government Code, Chapter 2267, except as noted otherwise in this Policy. The General Manager & CEO, or his/her designee, is authorized to determine which Construction Delivery Method provides best value to KPUB when KPUB chooses to procure a construction project under Chapter 2267.

KPUB is a governmental entity, and as such, shall not be restricted in its utilization of the Construction Delivery Methods described in Chapter 2267. KPUB shall be fully authorized to utilize the competitive processes outlined in the General Provisions in addition to those outlined in Chapter 2267 for all of its construction projects, and as allowed in Chapter 2267. The requirements found within the KPUB Purchasing and Procurement Policy shall prevail over conflicting requirements found within Chapter 2267.

To the extent that KPUB utilizes the "design-build" Construction Delivery Method for procurement of a construction project, it may:

- Prepare a request for proposal that includes a request for a guaranteed maximum price or bid for the overall design or construction; and
- KPUB reserves the right to determine, in its sole discretion, the type and amounts of security and risk mitigation instruments, such as performance and payment bonds, required of the selected design-build firm during the construction process.

Approved as to Form:

Stephen Schulte, Counsel

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Recommended for Board Approval:

Michael Wittler, General Manager & CEO

PASSED APPROVED AND ADOPTED this 26th 19th day of July 2023 June 2024.

~~Mark Cowden~~ Larry Howard, Chairman

ATTEST:

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| [Bill ThomasGlenn Andrew](#), Secretary

KERRVILLE PUBLIC UTILITY BOARD	
BOARD POLICY 42	
Title: Purchasing and Procurement Policy	
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This Policy supersedes Subsection 10.111 of Section 10.110 (Contracts and Purchase Orders) of Board Policy 10 “Bylaws of the Kerrville Public Utility Board” adopted October 1, 1988.

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1. Be obtained at reasonable cost;
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3. Be awarded based on best value to KPUB. The primary considerations of best value are 1) price and 2) conformance to specifications; however, other best value criteria may include, but not be limited to:
 - Offeror’s safety record,
 - Quality, availability, and adaptability of goods or services,

- Scope of conditions attached to proposal,
- Offeror's ability, capacity, and skill to perform or provide required service in a timely manner,
- Offeror's character, responsibility, integrity, and experience,
- Quality of performance in previous contracts,
- Offeror's previous and existing compliance with laws relating to contract,
- Previous non-compliance with specification requirements,
- Sufficiency of offeror's financial resources,
- Offeror's ability to provide future maintenance, repair, parts, and service and/or
- Other criteria as specified in the bid or proposal request.

In addition, it is the Board's desire that the following be achieved for the benefit of KPUB customers, and the City of Kerrville, Texas and its citizens:

4. Emphasize the safety of KPUB's personnel and customers;
5. Protect and enhance the ability of KPUB to provide reliable energy-related products and services on a competitive basis;
6. Encourage all segments of the local business community, including small, disadvantaged, service-disabled, veteran-owned, minority-owned, and women-owned businesses (i.e., historically underutilized businesses), to participate in the KPUB procurement process;
7. Provide for a sufficient, timely and uninterrupted supply of materials and services; and
8. Adhere to all applicable laws and regulations adopted by federal, state, city and county jurisdictions.

Further, these procurement and purchasing activities will be conducted in a manner that promotes and maintains public confidence in KPUB, its Board, and the General Manager & CEO; and in their management and operation of the electric system of the City of Kerrville, Texas.

42.20 Specific Limitations

As indicated below, specific limitations are hereby set for the various categories of KPUB procurements. The categories include the following: 1) Professional and/or Personal Services, 2) General Services, 3) Commodity and Material Goods, 4) Strategic Alliances, 5) Real Estate, 6) Interlocal Agreements and 7) Electricity and Related Products/Services. Any procurement above the stated limitations will require Board approval in advance of the procurement. In addition, the Board will receive quarterly reporting by vendor for individual payments over \$10,000 and cumulative payments over \$10,000 to a single vendor on a rolling 12-month basis.

The following table summarizes Board approval requirements by category:

Category	Board Approval Level
Professional and/or Personal Services	Over \$100,000
General Services	Over \$100,000
Commodity and Material Goods	Over \$250,000 – Inventory Over \$100,000 – Non-Inventory
Strategic Alliances	Initial Contract Purchases over \$250,000
Real Estate	All real estate purchases Leases over \$50,000
Interlocal Agreements	All interlocal agreements
Electricity and Related Products/Services	All power purchase agreements or other purchases exceeding 5% of annual purchased power budget

The General Manager & CEO is authorized to approve change orders which result in an increase in purchase price of up to 25% of the amount approved by the Board for the purchase. For purchases that did not require Board approval originally, Board approval is required for a change order that causes the purchase to exceed the limitations outlined below.

42.21 Professional and/or Personal Services

“Professional and/or Personal Services” are defined as services provided by those individuals or entities that possess unique education, knowledge and/or skills that would add to and/or supplement KPUB’s internal knowledge and skills toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of Professional and/or Personal Service providers include, but are not limited to, engineers, lawyers, accountants, architects, media and communication consultants, insurance brokers/advisors, and lobbyists. The limit for expenditures to be paid to any single Professional and/or Personal Service provider without prior approval by the Board shall be \$100,000 per purchase order/contract.

42.22 General Services

“General Services” are defined as those services, other than Professional and/or Personal Services, or Electricity and Related Products/Services, normally subject

to Chapter 252, Local Government Code, that are provided by individuals or entities, and that are considered necessary by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of General Service providers include, but are not limited to insurance, security, landscaping, janitorial services, line extension, repair and maintenance work, including support of generation equipment, and printing services. The limit for expenditures to be paid to any single General Service provider without prior approval by the Board shall be \$100,000 per purchase order/contract.

42.23 Commodity and Material Goods

“Commodity and Material Goods” are defined as physical goods needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Examples of Commodity and Material Goods include, but are not limited to, inventory, materials, parts and equipment used to construct, maintain and operate the electric system, plus technology hardware and software. Real Estate, Electricity and Related Products/Services, Professional and/or Personal Services; and General Services, as defined herein, are not included in this definition, except to the extent that any General, Professional, or Personal Services from the same vendor are necessarily included in the purchase or lease of the commodity and materials in question, e.g., technical assistance and installation services for technology equipment. The limit for expenditures to be paid for Commodity and Material Goods to any single vendor without prior approval by the Board shall be \$250,000.00 per purchase order/contract for inventory items and \$100,000 for non-inventory items. Renewals of subscription-based information technology arrangements for existing technology do not require Board approval, but do require authorization by the General Manager & CEO.

42.24 Strategic Alliances

“Strategic Alliances” are defined as those special associations or contractual relationships with other individuals or entities that further the interest of the parties and which represent best value to KPUB in fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price. Strategic Alliances may have elements of both General Services and Commodity and Material Goods. Examples of Strategic Alliances include, but are not limited to, vendor-managed inventory control, material palleting and job-site delivery, and “back office” services. A Strategic Alliance may include a participation agreement, such as a research and development funding agreement, which relates to KPUB business product development, business development, or testing of energy-related products. This category does not include Professional Services. All Strategic Alliance agreements and individual purchases over \$250,000 shall be Board approved.

42.25 Real Estate (Purchases and Leaseholds)

“Real Estate” is defined as real property, with or without improvements, needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned

provider of reliable, high-quality utility service at the lowest responsible price. Examples of Real Estate include, but are not limited to, land needed for plant and equipment installation, and improved land containing office buildings for staff and customer service operations. All expenditures for the purchase of Real Estate shall be Board approved.

“Leaseholds” are defined as the leasing of real property needed by KPUB toward fulfilling its mission. The limit for expenditures to be paid for Leaseholds without prior approval by the Board shall be \$50,000 over the term of the lease.

42.26 Interlocal Agreements

The Board of Trustees will approve all interlocal agreements.

42.27 Electricity and Related Products/Services

"Electricity and Related Products/Services" is defined as electricity and those products and services directly related to wholesale power purchases which are needed by KPUB toward fulfilling its mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price, including electricity, generation capacity, Renewable Energy Credits, Transmission Congestion Rights, ancillary services, and scheduling and settlement services. All power purchase agreements require Board approval. The limit for other Electricity and Related Products/Services without prior approval by the Board shall be cumulative transactions up to five percent (5%) of KPUB's annual energy requirements as set forth in the current year's budget.

42.30 Alternative Procurement Procedures in Response to Electric Deregulation

42.31 Background

Rules governing purchases made by municipalities serve the public good by ensuring an open and equitable marketplace for all potential vendors, however, electric deregulation creates an atmosphere in which KPUB could become competitively disadvantaged using those rules. This is primarily due to KPUB being required:

1. To follow less efficient procurement processes than investor-owned utilities and other electric participants.
2. To maintain an open process whereby industry competitors could easily gain knowledge of KPUB's competitive activities, agreements and associated cost information.

In response to the competitive aspects of electric deregulation in 1999, Section 252.022 of the Texas Local Government Code was amended to state that the Code does not apply to expenditures by a municipally-owned electric utility made in accordance with a procurement process adopted by its Board of Trustees. This allows greater flexibility in procurement so that municipally-owned electric utilities can compete in a manner consistent with private utilities so long as the public purpose supporting the new procedures is clearly outlined. This provision is available whether or not the utility has adopted retail choice.

42.32 Public Purpose

The public purpose supporting the Procurement Procedures Alternative to Chapter 252 shall be consistent with the "Purpose" and "Philosophy and Public Purpose to be Served" sections of this Policy, with an increased emphasis on the following:

1. Increasing business efficiencies.
2. Improving KPUB's ability to compete.

42.33 Basis for Use of Procurement Procedures Alternative to Chapter 252

The Alternative Procurement Procedures to Chapter 252 ("Procedures") provides procedures that will direct KPUB procurement activity that would normally fall under the requirements of Chapter 252 of the Local Government Code. However, nothing in the Procedures precludes KPUB from utilizing other mechanisms for procurement that may be provided by law, including Chapter 252.

42.34 General Provisions

Notwithstanding any other provision of these Procedures to the contrary, KPUB will conduct the procurement of all goods and services for the electric utility in accordance with these Procedures and applicable law. The "Purpose", "Philosophy and Public Purpose to be Served", and "Specific Limitations" sections of this Policy apply to the "Alternative Procurement Procedures."

Alternative Procurement Procedure purchases shall be subject to some form of competition, commensurate with economic value of the item purchased. Approved procurement methods are:

Non-Competitive Procurement. For purchases under \$5,000, no quotes or bids are required. The authorizing employee for the purchase will review Non-Competitive Purchases to ensure appropriate pricing and good business practices are being followed to obtain best value for KPUB.

Informal Procurement. This section applies to:

- Professional and/or Personal Services between \$5,000 and \$100,000
- General Services between \$5,000 and \$100,000
- Commodity and Material Goods between \$5,000 and \$250,000

Generally, three quotations shall be obtained. KPUB is encouraged, but not required to contact Historically Underutilized Business (HUB) vendors whenever practical.

Component orders or contracts each less than the limits above, but which in the aggregate exceed that amount and which reasonably should be included in one order or contract shall not be used to avoid the Formal Procurement Process.

Formal Procurement. This section applies to:

- Professional and/or Personal Services over \$100,000
- General Services over \$100,000
- Commodity and Material Goods over \$250,000

A formal competitive procurement procedure will be conducted using the following process:

1. KPUB shall issue one or more solicitations for proposals that allow offerors to propose one or a combination of goods and/or services generally or specifically described in the solicitation. In order for KPUB to take advantage of vendor expertise, new technologies, or other commercial developments, the request may solicit a range of features, benefits and contract components from the offerors.
2. The solicitation shall specify the evaluation factors to be used in reviewing the proposals and awarding the final contract. Based upon an initial evaluation of proposals, KPUB shall determine those offerors who are reasonably qualified for award of final contract(s). Discussions in accordance with the terms of the requests for proposals may be conducted with offerors so determined to be qualified, with all qualified offerors being treated fairly and equitably with respect to opportunity for discussion and revisions of proposals.
3. Notice to vendors may be made by the most expeditious and economical means, including but not limited to website, newspaper, facsimile, electronic mail, personal delivery, or U.S. mail. Proposals will be available for public inspection after opening, unless otherwise provided for in these procedures.
4. For purchases other than commodity or material goods anticipated to exceed \$250,000, sealed proposals will be required. Proposal submission methods will be specified in the proposal/bid instructions and may include an online portal, email or hard copy. Proposals will be opened publicly, announced and be available for public inspection after opening, unless otherwise provided for in these procedures. Commodity and Material Goods purchases require bids and Board approval, but do not require sealed bids or a public bid opening.
5. Revised proposals may be solicited at the discretion of KPUB, for any one or more elements of the procurement from any qualified offerors for the selected element. To obtain best and final offers, revisions by qualified offerors may be permitted by KPUB after the submissions and before the award of a contract.
6. The award shall be based on a good faith judgment of those proposals deemed to be the most advantageous to KPUB considering the relative importance of price and the other evaluation factors specified in the request for proposals. KPUB reserves the right to reject any and all proposals, including those with variances, irregularities or deficiencies, to waive formalities, and to award a contract as the best interests of KPUB and its customers may require.

7. If changes in plans or specifications are necessary after the performance of the contract is begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, the changes may be approved consistent with the “Procurement Authorization Levels” in Section 42.20 of this Policy.

42.35 Other Considerations and Requirements

1. Bonds – KPUB may require bid bonds, payment bonds, and performance bonds at its discretion. Any bond requirements will be detailed in the bid or proposal specifications.
2. Insurance – KPUB will determine insurance requirements based on project risk and Texas law. Any insurance requirements will be detailed in the bid or proposal specifications.
3. Chapter 176 Conflict of Interest Questionnaire - KPUB and its vendors/suppliers will comply with Local Government Code Chapter 176 regarding conflicts of interest. If a conflict of interest exists, vendors must file Form CIQ with KPUB within 7 business days after the vendor becomes aware of the conflict or with a bid or proposal, whichever is earlier.
4. Certificate of Interested Parties (Form 1295) - KPUB and its vendors/suppliers will comply with Government Code section 2252.908 relating to the disclosure of interested parties using Form 1295 if applicable to the purchase. With regards to KPUB purchases, a vendor that is awarded a contract or purchase requiring Board approval is required to electronically file Form 1295 through the Texas Ethics Commission website and notify KPUB of the certificate number. A contract, including KPUB-issued purchase order, will not be enforceable or legally binding until KPUB receives and acknowledges receipt of the properly completed Form 1295 from the awarded vendor.
5. State Required Declarations – KPUB will provide vendors with a form containing declarations required by the State as of the date of the purchase. A contract, including a KPUB-issued purchase order, will not be enforceable or legally binding until KPUB receives the signed declaration from the vendor.

42.36 Exemptions to the Procurement Process

The general exemptions listed in the Local Government Code section 252.022, as amended from time to time, and the following provide a mechanism by which procurements may be made outside of the normal procurement processes embodied in this Policy including those in Section 42.34, above. To qualify for such an exception, the procurement must meet a critical and/or operational need of KPUB and require the utmost flexibility in the procurement process for KPUB’s competitive position.

The following exceptions may be utilized to meet KPUB’s need for goods and services:

1. KPUB’s inability to locate and/or use necessary and essential pieces of equipment, materials, or items integral to its delivery of safe and reliable

energy-related products and services that necessitates an immediate purchase be made in order to protect the public safety or preserve public property.

2. A procurement made necessary due to unexpected environmental or site conditions which, if not remedied efficiently and expeditiously, may materially impact life or property.
3. A procurement made necessary due to design modifications necessary for compliance with unanticipated regulatory or legal requirements.
4. Emergency repairs due to unforeseen damage to or failure of equipment that necessitate an immediate procurement.
5. Potential financial loss due to significant delays of a project, or KPUB's ability to acquire goods and services integral to KPUB's operations and competitive position within the energy market that necessitates a procurement.
6. A procurement made necessary due to KPUB's exposure to short-term or long-term liability for failure to preserve or protect public health or safety or to prevent harm or loss.
7. A procurement made necessary due to considerations or time constraint and require a supplier's expertise or a supplier that is a natural monopoly or the sole source of captive replacement parts or components.
8. A procurement for services that, in KPUB's determination, require a labor or skill or expertise that is predominantly mental or intellectual, rather than physical or manual and/or which are highly technical, creative or unique in nature.
9. A procurement made necessary due to market conditions that potentially threaten or adversely affect KPUB's ability to obtain sufficient and/or uninterrupted goods or services at the lowest practicable costs.
10. A procurement of goods, services, and/or a Strategic Alliance made immediately necessary in order for KPUB to competitively participate in the application process of an in-ERCOT generation loan program for loans, grants or funding, including but not limited to a program administered according to S.B. 2627, 88th Leg.
11. A procurement of goods, services, and/or a Strategic Alliance necessary for KPUB to competitively apply for loans, grants or funding against investor-owned utilities and other electric participants, who are not subject to public procurement regulations, and for which observance of the competitive procurement process would negatively affect KPUB's ability to effectively compete for such loans, grants or funding.

Determinations regarding the application of any exception under this Section 42.36 shall be made by the General Manager & CEO or his/her designee. The General Manager & CEO, or his/her designee, is strongly encouraged to be prudent in determining when an exception to the procurement competition requirements is necessary. The type of exemption and necessary justifications and determination by the General Manager & CEO or his/her designee shall be recorded on a "Request

for an Exempt Procurement” form prepared and maintained by KPUB staff. Such completed form(s) shall be available for Board review upon request and shall be subject to the protections afforded under Section 42.38 below

42.37 Competitive Matter-Related Procurement

Notwithstanding any other provision of these Procedures to the contrary, KPUB may conduct the procurement of goods and services related to any competitive matter through inquiry, solicitation, evaluation, discussion and decision procedures under a competitive process.

A procurement of electric generation facilities and equipment, fuel, power supply and related services is considered Competitive Matter-Related Procurement. Other Competitive Matter-Related Procurement will be determined and adopted by resolution of the Board of Trustees.

Information related to the Competitive Matter-Related Procurement will be protected from public disclosure by reasonable means. Such reasonable means shall include, but not limited to, the presentation of information related to and the award of the procurement during an executive session of the Board.

For any Competitive Matter-Related Procurement, KPUB has the sole discretion to determine the type, manner, and timing of notice to the public and/or potential vendors, and no published notice, public opening, or a public reading shall be required.

42.38 Trade Secrets, Proprietary or Confidential Information

If, at the sole determination of the General Manager & CEO, or his/her designee, and consistent with Board policy, the subject matter of the procurement warrants nondisclosure of information to the public as permitted by Texas law, such information shall be omitted from the notice and protected from disclosure throughout the procurement process. At KPUB’s discretion, solicitation information shall be considered confidential and proprietary and shall not, if so designated, be disclosed or made available for public inspection. For purposes of this section, “solicitation information” includes, but is not limited to, pricing and cost data such as rates and adjustment provisions, minimum quantity requirements, formula and process information, design manuals, drawings and technical data, and supply or source information.

Responses to solicitations containing confidential or proprietary information or trade secrets shall be opened in a manner that avoids disclosure of the contents to competing offerors or other persons and maintains the confidentiality of the information during and after the proposal opening, negotiations and evaluation of the proposals.

When, in the opinion of the General Manager & CEO, or his/her designee, a disclosure of information regarding the subject matter of a proposed procurement or the contents of the proposal or offer may cause KPUB and/or the disclosing party competitive harm, or may, in KPUB’s sole opinion, adversely impact KPUB’s ability to assert any exception to disclosure under Chapter 552, Texas Government Code, if released by KPUB, then KPUB may require prospective vendors and/or

third parties to enter into a written confidentiality agreement to protect such information. Thereafter, should further commitments to a business relationship be desired between KPUB and a proposed vendor, KPUB may require the vendor and any of its subcontractors, suppliers or consultants to agree to further confidentiality obligations by written agreement.

42.40 Supplier Diversity Program

KPUB is committed to a strong supplier diversity program. KPUB, therefore, encourages all segments of the local business community to actively participate in KPUB's procurement process.

To the extent available in the local business community, KPUB will contact at least two qualified local Historically Underutilized Businesses (HUBs) in Kerr County as identified by the Comptroller's Office website. If the list fails to identify a Kerr County HUB that provides the goods or services required, KPUB shall be exempt from this requirement.

42.50 Compelling Business Reasons to Bypass Board Approval

On occasion, KPUB General Management may have the need to act expeditiously to procure goods or services to meet a compelling business reason. Such action may include the need to bypass usual procurement practices, including Board approval in accordance with the "Specific Limitations" section of this Policy. The following describes some of the conditions under which a finding of "Compelling Business Reason" (CBR) may be deemed to be appropriate:

1. The procurement is necessary to meet a critical and time sensitive need for materials or services necessary to restore or maintain the reliability or safety of the electric system, or a major component or related business operation; or
2. The procurement is necessary to respond expeditiously to fluctuating market conditions wherein potential delays in the normal and routine procurement process governed by the Procurement Procedures Alternative to Chapter 252 (adopted under Section 42.30 of this Policy) would adversely affect KPUB's ability to obtain quality materials and/or services at a commercially reasonable price; or
3. The procurement is necessary to respond expeditiously to prevent or mitigate significant financial loss to KPUB due to inherent delays in the normal acquisition process.

The KPUB General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement would be made), with the concurrence of the Chairman of the Board (or in the absence of the Chairman, with the concurrence of the Vice-Chairman), is authorized to approve and/or execute contracts for the procurement of goods or services above the amounts specified under the "Specific Limitations" section of this Policy to meet a CBR. If the Chairman or Vice-Chairman of the Board is not available or cannot be reached, and the procurement is of a time-sensitive or urgent nature, the General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement is being made) may execute the contract(s) for KPUB.

Within 24 hours of being contacted by the General Manager & CEO (or in his/her absence, by the senior management employee of the area for which the procurement is being made),

the Chairman or Vice Chairman will then notify the other members of the Board by telephone or email of the need for the CBR. The Board will review any expenditure made under this section no later than at the next regularly scheduled Board meeting, or called work session. All procurement activities conducted on the basis of CBR shall be disclosed to the Board of Trustees on a quarterly basis.

The General Manager & CEO (or in his/her absence, the senior management employee of the area for which the procurement is being made) shall be deliberative and judicious in exercising his/her authority under this section to only those situations warranting such use.

42.60 Sales of Surplus Materials

"Surplus Materials" is defined as any KPUB-owned property, including commodities, vehicles, equipment, materials, supplies, books, printed matter, and other property (Real Estate excluded), that is obsolete, unused, not needed for a public purpose, or ineffective for current use. The General Manager & CEO may, without Board approval:

1. Periodically sell KPUB's Surplus Material by public competitive bid or auction.
2. Offer KPUB's Surplus Material as a trade-in for new property of the same general type.
3. Order any Surplus Material to be destroyed or otherwise disposed of as worthless if it is of nominal value.
4. Dispose of Surplus Material by donating it to a civic or charitable organization if it is nominal value and the donation serves a public purpose.
5. Sell material to other utilities in response to mutual assistance inquiries specifically those regarding restoration efforts.
6. Sell material or installed facilities as needed to customers including but not limited to foreign attachment owners.
7. Sales that are not approved by the Board in advance, shall be reported to the Board on a quarterly basis.

The General Manager & CEO is responsible for ensuring that KPUB receives an appropriate price and that good business practices are followed.

42.70 Cooperation with Private Entities

KPUB, as a public entity, may use the authority set forth in the Utilities Code, Chapter 163, Section 163.012, and pursuant to the purchase policies and exemptions thereto set out in this Policy, to enter into an agreement with a private entity to jointly plan, finance, acquire, construct, own, operate, and maintain "electric facilities," as that term is defined in Chapter 163, except as noted otherwise in this Policy. Such agreement shall be for the purposes of achieving economies of scale in providing electric energy to the public; promoting the economic development of this state and its natural resources; and to meet the state's future power needs.

42.80 Construction Delivery Methods

KPUB may use the construction delivery methods ("Construction Delivery Methods") for its construction projects consistent with the requirements set forth in the Government Code, Chapter 2267, except as noted otherwise in this Policy. The General Manager & CEO, or

his/her designee, is authorized to determine which Construction Delivery Method provides best value to KPUB when KPUB chooses to procure a construction project under Chapter 2267.

KPUB is a governmental entity, and as such, shall not be restricted in its utilization of the Construction Delivery Methods described in Chapter 2267. KPUB shall be fully authorized to utilize the competitive processes outlined in the General Provisions in addition to those outlined in Chapter 2267 for all of its construction projects, and as allowed in Chapter 2267. The requirements found within the KPUB Purchasing and Procurement Policy shall prevail over conflicting requirements found within Chapter 2267.

To the extent that KPUB utilizes the “design-build” Construction Delivery Method for procurement of a construction project, it may:

- Prepare a request for proposal that includes a request for a guaranteed maximum price or bid for the overall design or construction; and
- KPUB reserves the right to determine, in its sole discretion, the type and amounts of security and risk mitigation instruments, such as performance and payment bonds, required of the selected design-build firm during the construction process.

Approved as to Form:

Stephen Schulte, Counsel

Recommended for Board Approval:

Michael Wittler, General Manager & CEO

PASSED APPROVED AND ADOPTED this 18th day of June 2024.

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: June 12, 2024

Re: Agenda Item No. 7 – Financial Report

Attached please find financial statements for the month of May 2024.

Highlights include:

- **\$108K increase in net position** for the month, **\$611K increase** in net position on a year-to-date (YTD) basis, which is \$1.0M better than budget.
- **\$3.1M in operating revenue** for the month, **\$26.7M** on a YTD basis.
 - Through May, operating revenue is 13.6% lower than expected due primarily to a combination of lower purchased power cost as explained in the operating expense bullet below and lower than budget kWh sales (4.7% lower) due primarily to mild winter weather.
- **\$3.2M in operating expense** for the month, **\$27.2M** on a YTD basis.
 - YTD operating expense is 14.4% lower than budget due primarily to low purchased power expenses resulting from low natural gas prices created by a mild winter and excess storage as well as KPUB's effective price stabilization activities. Other expense categories have smaller and offsetting variances.
- **\$50K in operating loss** for the month, **\$439K in operating loss** on a YTD basis.
- **\$108K in net nonoperating revenue** for the month, **\$611K** on a YTD basis.
 - Nonoperating revenue is \$467K better than budget for the year. The favorable performance is driven by interest income. Interest rates near 5.4% are higher than the budgeted 5.0% rate and our invested balance is higher than planned due to low power purchase costs.
- **\$16.8M in over collection of power cost adjustment** as of 5/31/2024, an **increase of \$408K** from the prior month.
- **\$46.0M invested** in investment pools and an investment account at Happy State Bank. In accordance with April's Board resolution, KPUB opened a new local government pool account with Texas CLASS in May. The portfolio of investment accounts earned a blended rate of 5.38% for the month.

The current rate structure was implemented on November 1, 2023. The overall residential bill for 1,000 kWh of power remains at \$102.50, but the power cost portion of the bill was reduced from \$72.95 to \$70.45 by reducing the power cost adjustment factor. Power costs in May were lower than the billed rate, resulting in an increase of \$408K in the over collection account. We continue to monitor prices closely and recommend keeping the PCA at \$102.50 at this time.

Jill Cook will be filling in for me during the June Board meeting. Jill can help with any questions while I am away.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive, flowing style. The letters are connected, and the overall appearance is that of a personal or professional signature.

Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended May 31, 2024
(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	\$ 1,639,527	\$ 1,861,150	\$ (221,623)	-11.91%	\$ 1,715,395	\$ (75,868)	-4.42%
Commercial/Industrial	1,426,944	1,635,747	(208,803)	-12.76%	1,502,209	(75,265)	-5.01%
Sales to Public Authorities	21,719	21,500	219	1.02%	21,741	(22)	-0.10%
Other	39,953	28,058	11,895	42.39%	36,744	3,210	8.74%
TOTAL OPERATING REVENUES	3,128,144	3,546,455	(418,312)	-11.80%	3,276,089	(147,945)	-4.52%
OPERATING EXPENSES:							
Purchased Power	1,989,246	2,120,521	131,276	6.19%	2,241,847	252,602	11.27%
Distribution	324,427	369,367	44,940	12.17%	296,478	(27,949)	-9.43%
Customer Accounts	53,953	66,502	12,549	18.87%	49,356	(4,597)	-9.31%
Customer Service, Informational & Sales	38,005	36,916	(1,089)	-2.95%	26,137	(11,868)	-45.41%
Administrative Expenses	387,587	458,347	70,760	15.44%	326,350	(61,237)	-18.76%
Depreciation & Amortization	384,833	366,951	(17,882)	-4.87%	325,114	(59,719)	-18.37%
TOTAL OPERATING EXPENSES	3,178,052	3,418,606	240,553	7.04%	3,265,284	87,232	2.67%
OPERATING INCOME (LOSS)	(49,909)	127,850	(177,759)	-139.04%	10,805	(60,713)	-561.93%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	212,598	135,417	77,181	57.00%	141,753	70,844	49.98%
Interest Income - City of Kerrville	11,786	11,786	0	0.00%	13,929	(2,143)	-15.38%
Interest Expense	(9,903)	(7,992)	(1,911)	-23.91%	(9,277)	(626)	-6.74%
City of Kerrville - General Fund Transfer	(100,474)	(110,882)	10,408	9.39%	(108,054)	7,580	7.01%
City of Ingram - Franchise Fee	(2,477)	(2,881)	404	14.02%	(2,405)	(71)	-2.97%
Other - Net	(3,382)	2,417	(5,798)	-239.94%	5,205	(8,587)	-164.97%
TOTAL NONOPERATING REVENUES (EXP)	108,148	27,865	80,283	288.12%	41,150	66,997	162.81%
INCOME BEFORE CONTRIBUTIONS	58,239	155,714	(97,476)	-62.60%	51,955	6,284	12.10%
CAPITAL CONTRIBUTIONS	50,075	30,000	20,075	66.92%	34,182	15,893	46.50%
CHANGE IN NET POSITION	\$ 108,314	\$ 185,714	\$ (77,401)	-41.68%	\$ 86,137	\$ 22,177	25.75%
NET POSITION AT BEGINNING OF MONTH	\$ 78,837,017				\$ 75,077,412		
NET POSITION AT END OF MONTH	\$ 78,945,331				\$ 75,163,548		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended May 31, 2024
(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	\$ 15,173,106	\$ 17,272,153	\$ (2,099,047)	-12.15%	\$ 17,018,269	\$ (1,845,163)	-10.84%
Commercial/Industrial	10,900,572	13,014,291	(2,113,720)	-16.24%	12,390,919	(1,490,347)	-12.03%
Sales to Public Authorities	174,265	172,000	2,265	1.32%	170,583	3,682	2.16%
Other	499,889	509,397	(9,507)	-1.87%	516,845	(16,956)	-3.28%
TOTAL OPERATING REVENUES	26,747,831	30,967,840	(4,220,009)	-13.63%	30,096,616	(3,348,785)	-11.13%
OPERATING EXPENSES:							
Purchased Power	17,126,992	21,191,767	4,064,775	19.18%	20,861,540	3,734,548	17.90%
Distribution	2,985,612	3,146,605	160,993	5.12%	2,339,189	(646,423)	-27.63%
Customer Accounts	468,399	532,019	63,620	11.96%	417,268	(51,130)	-12.25%
Customer Service, Informational & Sales	319,916	295,328	(24,588)	-8.33%	207,044	(112,873)	-54.52%
Administrative Expenses	3,345,999	3,705,695	359,696	9.71%	2,880,956	(465,043)	-16.14%
Depreciation & Amortization	2,939,573	2,888,187	(51,386)	-1.78%	2,567,382	(372,191)	-14.50%
TOTAL OPERATING EXPENSES	27,186,491	31,759,600	4,573,109	14.40%	29,273,379	2,086,888	7.13%
OPERATING INCOME (LOSS)	(438,660)	(791,760)	353,100	-44.60%	823,237	(1,261,897)	-153.28%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,638,375	1,083,333	555,042	51.23%	954,634	683,741	71.62%
Interest Income - City of Kerrville	98,571	98,571	0	0.00%	115,714	(17,143)	-14.81%
Interest Expense	(83,768)	(65,047)	(18,720)	-28.78%	(72,405)	(11,363)	-15.69%
City of Kerrville - General Fund Transfer	(855,701)	(965,072)	109,371	11.33%	(937,056)	81,355	8.68%
City of Ingram - Franchise Fee	(22,381)	(26,733)	4,351	16.28%	(21,850)	(531)	-2.43%
Other - Net	(164,111)	19,333	(183,444)	-948.85%	26,637	(190,748)	-716.10%
TOTAL NONOPERATING REVENUES (EXP)	610,985	144,386	466,600	323.16%	65,674	545,311	-830.33%
INCOME BEFORE CONTRIBUTIONS	172,326	(647,374)	819,700	-126.62%	888,912	(716,586)	-80.61%
CAPITAL CONTRIBUTIONS	438,863	240,000	198,863	82.86%	300,935	137,928	45.83%
CHANGE IN NET POSITION	\$ 611,189	\$ (407,374)	\$ 1,018,563	250.03%	\$ 1,189,846	\$ (578,658)	-48.63%
NET POSITION AT BEGINNING OF YEAR	\$ 78,334,141				\$ 73,973,702		
NET POSITION AT END OF MONTH	\$ 78,945,331				\$ 75,163,548		

Kerrville Public Utility Board
Balance Sheet
As of May 31, 2024

ASSETS & DEFERRED OUTFLOWS	May 31, 2024	September 30, 2023	LIABILITIES, DEFERRED INFLOWS & NET POSITION	May 31, 2024	September 30, 2023
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Current Maturities of Long-Term Liabilities	\$ 623,953	\$ 633,226
Cash and Cash Equivalents	\$ 616,653	\$ 720,093	Accounts Payable - Purchased Power	9,596,649	9,426,795
Investments	35,049,160	30,433,641	Accounts Payable and Accrued Liabilities	873,413	1,427,823
Less: Customer Deposits	(543,872)	(518,082)	Over Collection of Power Cost Adjustment	16,770,847	12,516,345
Total Revenue Fund	35,121,941	30,635,652	TOTAL CURRENT LIABILITIES	\$ 27,864,862	\$ 24,004,189
Construction Fund:			NONCURRENT LIABILITIES		
Cash and Cash Equivalents	5,584	5,389	2013 Revenue Bonds, net of current portion	\$ 1,965,000	\$ 2,413,000
Investments	1,584,482	1,528,354	Lease Liability	53,845	84,352
Total Construction Fund	1,590,066	1,533,743	Subscription Liability	797,194	692,268
Rate Stabilization Fund:			Customer Deposits	543,872	518,082
Investments	2,085,173	2,011,309	Net Pension Liability	3,877,307	3,877,307
Total Rate Stabilization Fund	2,085,173	2,011,309	Total OPEB Liability	260,808	260,808
Long Term Rate Stabilization Fund:			TOTAL NONCURRENT LIABILITIES	\$ 7,498,027	\$ 7,845,817
Investments	3,134,638	2,421,198			
Total Rate Stabilization Fund	3,134,638	2,421,198	DEFERRED INFLOWS - PENSION AND OPEB	\$ 132,700	\$ 132,700
Customer Accounts Receivable, net of allowance	738,211	2,574,253			
Unbilled Revenue	2,319,589	2,319,589	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 35,495,589	\$ 31,982,706
Materials and Supplies	1,247,994	1,233,153			
Other Current Assets	1,422,777	888,455	TOTAL NET POSITION	\$ 78,945,331	\$ 78,334,141
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
TOTAL CURRENT ASSETS	\$ 48,731,816	\$ 44,688,780			
NONCURRENT ASSETS					
Customer Deposits	\$ 543,872	\$ 518,082			
Interest and Sinking Fund	260,658	440,861			
Emergency, Repair, Replace, Contingency Fund	3,898,814	3,760,703			
Advance to City of Kerrville, net of current portion	4,821,429	5,357,143			
Capital Assets, net of Accum Depreciation	52,067,490	51,570,688			
Right to Use Assets, Net of Accum Amortization	66,769	109,047			
Subscription Assets, Net of Accum Amortization	1,132,072	953,542			
TOTAL NONCURRENT ASSETS	\$ 62,791,104	\$ 62,710,068			
DEFERRED OUTFLOWS - PENSION AND OPEB	\$ 2,918,000	\$ 2,918,000			
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 114,440,920	\$ 110,316,847	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 114,440,920	\$ 110,316,847

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended May 31, 2024

		Restricted							
		Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Date									
Beginning Fund Balance		\$ 33,734,412	\$ 1,577,278	\$ 2,075,693	\$ 3,120,387	\$ -	\$ 217,004	\$ 3,881,088	\$ 44,605,862
Withdrawals:									
Happy Investment - TXHB	05/01/24	(90,448)							(90,448)
Happy Investment - LCRA	05/03/24	(699,922)							(699,922)
Happy Investment - TMRS	05/07/24	(85,785)							(85,785)
Happy Investment - ERCOT	05/14/24	(150)							(150)
Happy Investment - ERCOT	05/15/24	(21)							(21)
Happy Investment - CPS	05/17/24	(268,831)							(268,831)
Happy Investment - NextEra	05/17/24	(469,440)							(469,440)
Happy Investment - Concho Bluff	05/22/24	(74,412)							(74,412)
Happy Investment - DG Solar	05/24/24	(51,924)							(51,924)
Happy Investment - Engie	05/29/24	(89,016)							(89,016)
Happy Investment - Garland	05/30/24	(368,293)							(368,293)
Investments:									
Happy Investment	05/02/24	600,000							600,000
Happy Investment	05/07/24	400,000							400,000
Happy Investment	05/13/24	500,000							500,000
Happy Investment	05/17/24	400,000							400,000
Happy Investment	05/24/24	600,000							600,000
Happy Investment	05/31/24	900,000							900,000
Fund Balance after Withdrawals & Investments		34,936,170	1,577,278	2,075,693	3,120,387	-	217,004	3,881,088	45,807,621
Allocation of:									
Interest Income	05/31/24	155,646	7,204	9,480	14,252	-	997	17,726	205,304
Total Interest Allocation		155,646	7,204	9,480	14,252	-	997	17,726	205,304
Fund Balance After Allocations		35,091,816	1,584,482	2,085,173	3,134,638	-	218,002	3,898,814	46,012,925
Interfund Transfers :									
Debt Service Accrual	05/31/24	(42,657)					42,657		-
Ending Fund Balance		\$ 35,049,160	\$ 1,584,482	\$ 2,085,173	\$ 3,134,638	\$ -	\$ 260,658	\$ 3,898,814	\$ 46,012,925

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended May 31, 2024

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 108,314	\$ 611,189	\$ 3,781,782
PLUS:			
Interest Expense (net of amortizations)	9,903	83,768	138,661
Depreciation & Amortization Expense	384,833	2,939,573	4,457,304
Numerator	503,050	3,634,529	8,377,747
DIVIDED BY:			
Interest Expense (net of amortizations)	9,903	83,768	138,661
Principal Payment Due	52,769	422,151	633,227
Denominator	\$ 62,672	\$ 505,919	\$ 771,887
DEBT SERVICE COVERAGE RATIO	8.03	7.18	10.85
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

RESOLUTION NO. 24-13

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD RELATING TO THE PROPOSED CREATION OF KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION AND RECOMMENDING THAT THE KERRVILLE CITY COUNCIL APPROVE THE CREATION OF THIS NON-PROFIT INCORPORATION AND BY-LAWS THEREFOR AND APPOINTING DIRECTORS THEREOF; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the "*City Council*") of the City of Kerrville, Texas (the "*City*"), authorizing the issuance of the currently outstanding revenue bonds, the complete management and control of the City's electric light and power system (the "*System*") of the City is vested in a Board of Trustees (the "*Board*") known as the Kerrville Public Utility Board ("*KPUB*") during the period of time any of the Bonds Similarly Secured are outstanding and unpaid; and

WHEREAS, the Board has determined that a non-member, non-stock, non-profit public facility corporation should be created for the purpose of acquiring, constructing, rehabilitating, renovating, repairing, equipping, furnishing, placing into service, financing, refinancing, or providing, owning and operating electric power supply facilities to be devoted to public use by the System; and

WHEREAS, it is necessary and proper for the Board to request that the City Council adopt a resolution approving that a corporation be created pursuant to the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), to finance, refinance, or provide the costs of public facilities, as defined in the Act, including electric power supply facilities to be used for the benefit of the System as described above; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. That the Board by the adoption of this Resolution hereby evidences its approval of the action of the City Council authorizing the creation of the Kerrville Public Utility Board Public Facility Corporation (the "*Corporation*") and recommends approval of the City's proposed resolution attached hereto as Exhibit A, including the proposed forms of the articles of incorporation and by-laws for such corporation which are attached to this resolution.

Section 2. That the Board delegates to the General Manager and CEO, Secretary or Assistant Secretary of the Board, or the Treasurer of the Board, or their designees, the authority to take any and all other actions consistent with the provisions of this Resolution and the City's resolution to effectuate the creation of the Corporation.

Section 3. That after the City Council adopts the proposed resolution to create the Corporation, KPUB shall update its existing indemnification policies to specifically provide that Corporation Board of Directors are indemnified for their service on the Corporation's Board of Directors.

Section 4. That after City Council adopts the proposed resolution to create the Corporation, KPUB shall secure an adequate directors and officers liability insurance policy for the benefit of the Corporation's Board of Directors.

Section 5. That 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 6. That this Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED AND ADOPTED on this 18th day of June, 2024

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary



1700 Sidney Baker Street, Suite 100
Kerrville, TX 78028

June 13, 2024

Chairman Howard and The KPUB Board Of Directors,

On the morning of Tuesday, June 29 at 8:30AM Chairman Larry Howard and Secretary Glen Andrew of The KPUB Economic Development Committee met with myself and John Anderson of Kerrville Economic Development Corporation to discuss KPUBS future funding level to the KEDC budget.

We closed the meeting in agreement for KEDC to supply the KPUB Board Members a letter outlining our position on future budget requests and goals to secure sustainable funding that would allow KPUB to reduce their funding level.

On KEDC's June 3rd regular Monthly Board Meeting this topic was on our agenda. The result of the discussion was as follows:

The KEDC Board requests that the KPUB Board considers the full funding request of KEDC for the 2024-2025 Budget year of \$68,750.00 the same as 2023-2024 Budget year. KEDC will host a Stakeholder retreat in the third or fourth quarter of 2024 to discuss future funding and strategic programming for KEDC.

The KEDC Board is grateful for KPUB's consideration and continued support for sustained Economic Development in Kerr County and look forward to working with KPUB and its Board Of Directors as Kerr Counties Economic Development Organization.

Thankfully,

A handwritten signature in blue ink, appearing to read "Todd Bock", with a long horizontal flourish extending to the right.

Todd Bock
Chairman
Kerr Economic Development Corporation