

**December 11, 2025**

**OFFICIAL NOTICE  
OF A  
REGULAR MONTHLY MEETING**

**The Kerrville Public Utility Board (KPUB) and Kerrville Public Utility Board Public Facility Corporation (KPFC) will hold its Regular Joint Monthly Meeting on Wednesday, December 17, 2025, 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.**



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**Lidia S. Goldthorn, Assistant Secretary**

**AGENDA**  
**KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND**  
**KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)**  
**REGULAR JOINT MONTHLY MEETING**  
**WEDNESDAY, DECEMBER 17, 2025, 8:30 A.M.**  
**KPUB CONFERENCE ROOM**  
**KERRVILLE PUBLIC UTILITY BOARD OFFICES**  
**2250 MEMORIAL BLVD.**  
**KERRVILLE, TEXAS**

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*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 KPUB Board Meetings are tentatively scheduled for:***

- ***Wednesday, January 21, 2026 at 8:30 a.m.***
- ***Wednesday, February 18, 2026 at 8:30 a.m.***
- ***Wednesday, March 25, 2026 at 8:30 a.m. (one week later than normal)***

**3. QUARTERLY REPORT FROM THE KERR ECONOMIC DEVELOPMENT CORPORATION (KEDC) – TODD BOCK, EXECUTIVE DIRECTOR:**

Update on Kerrville Economic Development Corporation (KEDC) activities

4.	<b><u>STATUS UPDATE ON CHANGE FOR CHARITY PROGRAM – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER &amp; COMMUNITY RELATIONS:</u></b> .....	1
5.	<b><u>MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION (KPUB and KPFC):</u></b>	
I.	<b><u>EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:</u></b>	
	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	
B.	Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – Mike Wittler, CEO	
II.	<b><u>EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:</u></b>	
	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 Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO	
6.	<b><u>CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS (KPUB and KPFC):</u></b>	
7.	<b><u>CONSENT AGENDA (KPUB and KPFC):</u></b> 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:	
7A.	APPROVAL OF MINUTES – Approval of the November 19, 2025, Regular Joint Monthly Board Meeting Minutes .....	3
7B.	RESOLUTION NO. 25-26 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving payment to various providers of services or supplies .....	8

7C.	RESOLUTION NO. 25-27 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution to amend the title for the Public Information Coordinator .....	11
7D.	RESOLUTION NO. 25-28 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution for the annual approval of the Board’s Investment Policy and Strategy, which also includes authorized brokers and dealers .....	13
7E.	RESOLUTION NO. 25-07 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution for the annual approval of the Board’s Investment Policy and Strategy, which also includes authorized brokers and dealers .....	42
7F.	APPROVAL OF INTERLOCAL AGREEMENT – TONY PEREZ, DIRECTOR OF ENGINEERING. Approval of an interlocal agreement with The Lower Colorado River Authority (LCRA) for general services .....	69
7G.	APPROVAL AND REPORTING OF PURCHASES AND SALES:	
	1. Professional Services SEnergy (Mike Wittler, CEO) .....	76
8.	<b><u>FINANCIAL REPORT (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER: ..</u></b>	82
9.	<b><u>ADJOURNMENT (KPUB and KPFC)</u></b>	

# MEMORANDUM

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

From: Allison Bueché

Date: December 12, 2025

Re: Agenda Item No. 4—Status Update on Change for Charity Program

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**Kerrville Public Utility Board's (KPUB) Change for Charity program** continues to be a successful and impactful partnership with the Society of St. Vincent de Paul (SVPD). This customer-supported initiative provides critical bill-payment assistance to households facing financial hardship. With the extreme weather in recent years and rising energy costs, the program remains an essential resource for our community.

## **Program Background Information**

In response to the COVID-19 pandemic, KPUB suspended disconnects and late penalties for customers with past-due accounts from March through July 2020, similar to emergency actions taken by utilities nationwide to support customers in crisis.

The Board of Trustees approved the establishment of the Change for Charity program fund on June 17, 2020, to support neighbors in need with utility bill payments, administered by the Society of St. Vincent de Paul, where customers were automatically opted into the program (with the option to opt out and remove themselves). In August 2021, following strong customer participation and continued community need, the Board transitioned Change for Charity from an emergency initiative to a permanent, ongoing customer assistance program.

## **How the Program Works**

The Change for Charity program provides an easy and voluntary way for KPUB residential customers to support neighbors in need. Program funds are generated through small contributions that collectively make a significant impact.

Each month, participating customers' bills are automatically rounded up to the next whole dollar. For example, if a bill is \$87.63, it is rounded to \$88.00, and the additional \$0.37 is contributed to the Change for Charity Program Fund. The typical customer contribution is approximately \$0.50 per month, or about \$6.00 per year. While each individual contribution is small, the cumulative impact is substantial when many customers participate. Customers who wish to contribute more may choose to contribute a fixed monthly amount or a combination of the round-up amount and an additional donation.

## **Program Administration**

Since July 2020, the Society of St. Vincent de Paul, a local 501(c)(3) nonprofit, has administered the program at no cost, ensuring that 100 percent of donated funds go directly toward electric bill payment assistance for eligible KPUB residential customers. Since its inception, Change for Charity has provided substantial support to local households:

- FY 2024: More than \$75,000 in bill-payment assistance provided to 572 families
- FY 2023: More than \$89,000 in assistance provided to 400+ families
- FY 2022: More than \$93,000 in assistance provided to 470+ families
- FY 2021: More than \$140,000 in assistance provided to 550+ families

# KPUB CHANGE FOR CHARITY 2024-2025 PROGRAM REVIEW



Society of St. Vincent de Paul

December 17, 2025

# ASSISTANCE PROCESS

(FY 2024-2025)

- Assistance limit/frequency set by Conference (generally \$75 per household per Quarter) \*FLOOD\*
- Neighbor comes to office, registers, meets with two Vincentians and presents bill
- SVDP issues voucher and emails daily voucher sheet to KPUB.
- KPUB updates balance monthly



Society of St. Vincent de Paul



# NEIGHBORS QUALIFY FOR ASSISTANCE IN ANY OF THREE WAYS



**Receive Assistance through Specific Government Programs. For example:**

SNAP (Food Stamps)  
NSLP (School Lunches)  
TANF (Temporary Assistance for Needy Families)  
Others



**Income Below Texas Department of Agriculture Defined Levels (185% of Poverty Level)**

Sliding Scale based on Number of People in Household



**Crisis Situation (e.g., Illness, Loss of Job, Natural Disaster, etc.)**

Unexpected  
Temporary  
Out of Neighbor's Control



Society of St. Vincent de Paul



**CURRENT  
INCOME  
QUALIFICATIONS  
(PER THE  
EMERGENCY  
FOOD  
ASSISTANCE  
PROGRAM)**

**Effective July 1, 2025 – June 30, 2026**

No. of Household Members	Total Income				
	Annual	Monthly	Twice-Monthly	Bi-Weekly	Weekly
1	\$28,953	\$2,413	\$1,207	\$1,114	\$557
2	\$39,128	\$3,261	\$1,631	\$1,505	\$753
3	\$49,303	\$4,109	\$2,055	\$1,897	\$949
4	\$59,478	\$4,957	\$2,479	\$2,288	\$1,144
5	\$69,653	\$5,805	\$2,903	\$2,679	\$1,340
6	\$79,828	\$6,653	\$3,327	\$3,071	\$1,536
7	\$90,003	\$7,501	\$3,751	\$3,462	\$1,731
8	\$100,178	\$8,349	\$4,175	\$3,853	\$1,927
For each additional household member, add	+\$10,175	+\$848	+\$424	+\$392	+\$196

*These guidelines are based on 185% of the federal poverty guidelines and are effective July 1, 2025 – June 30, 2026*



**Society of St. Vincent de Paul**

# CHANGE FOR CHARITY OVERVIEW

OCTOBER 2024  
THRU  
SEPTEMBER 2025

Total Assistance Provided = \$73,645

# of Bills Addressed = 893

# of Households Assisted = 517

Largest Assistance per bill = \$363.83

Average Assistance per Bill = \$81.34



Society of St. Vincent de Paul



# CHANGE FOR CHARITY ASSISTANCE PER HOUSEHOLD

OCTOBER 2024 THRU  
SEPTEMBER 2025

Of the 517 households helped, 80% were helped only once or twice

One household was assisted 5 times

Average # of times helped = 1.56

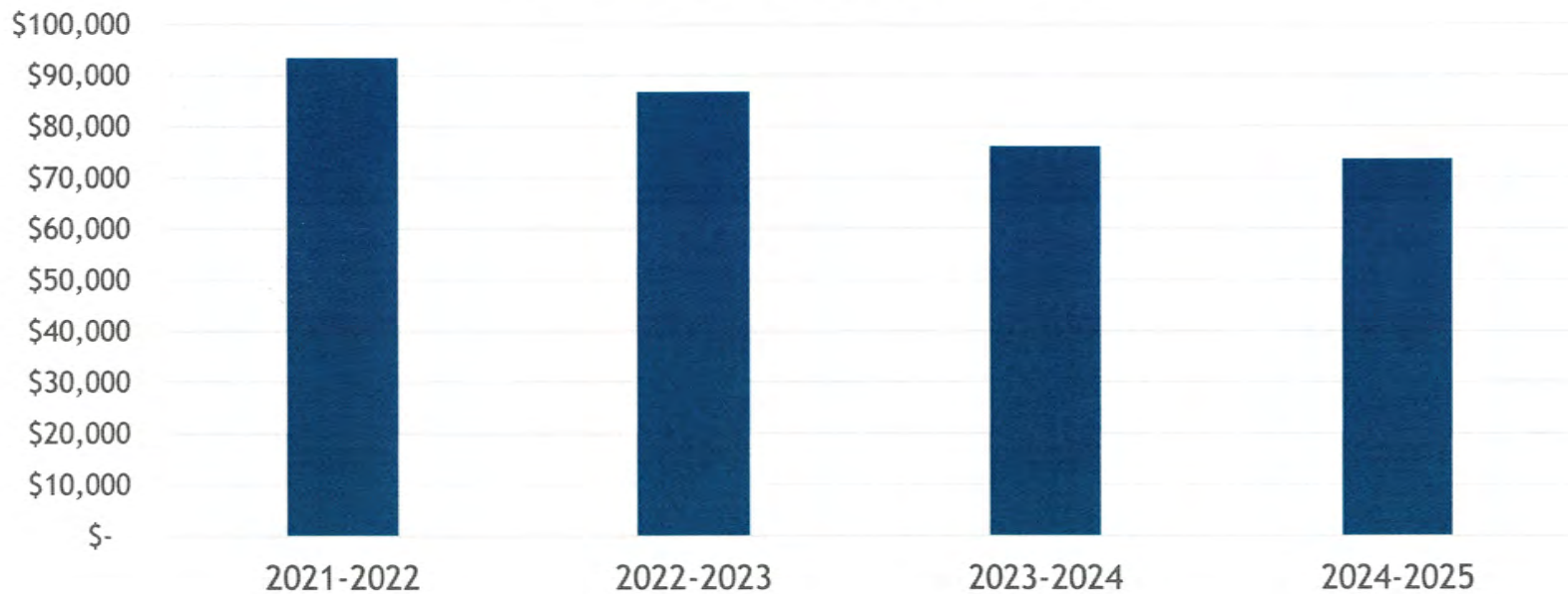
One household received \$769

Average assistance per household = \$142.45



Society of St. Vincent de Paul

## KPUB Change for Charity Program Funds Distributed



Society of St. Vincent de Paul

# SOCIETY OF ST. VINCENT DE PAUL

- International, Lay Catholic Organization
- Founded in Paris in 1833
- Members grow spiritually by working together to help the poor
- Active in Kerrville since 1953
- Thrift Store, Food Pantry, Financial Assistance



Society of St. Vincent de Paul

- FY 2020: Program launched in July 2020, providing more than \$70,000 in assistance during the COVID-19 emergency response

Mike Henke, St. Vincent de Paul's administrator for the Change for Charity program funds, will attend the December Board meeting to present an overview of the last year and answer any questions the board may have.

If you need any additional information prior to the meeting, please let me know.

Sincerely,

Sincerely,

A handwritten signature in black ink, appearing to read "Allison Bueché".

Allison Bueché  
Director of Customer & Community Relations

**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND  
KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)  
REGULAR JOINT MONTHLY MEETING  
WEDNESDAY, NOVEMBER 19, 2025, AT 8:30 A.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**TRUSTEES PRESENT:**

Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.  
Mike Wittler, Executive Director (KPFC)

**STAFF PRESENT:**

Mike Wittler, General Manager and CEO (KPUB)  
Amy Dozier, Assistant General Manager  
Tony Perez, Director of Engineering  
Annette Gonzales, Director of Human Resources  
Allison Bueché, Director of Customer and Community Relations  
Larry Lee, Director of Operations  
Howard Hall, Field Services Supervisor  
Erin Callan, Accounting Manager  
Robby McCutcheon, Director of Information Technology  
(*via teleconference*)  
Mark Alejandro, Information Technology Supervisor  
(*via teleconference*)  
Lidia S. Goldthorn, Assistant Secretary to the Board

**TRUSTEES ABSENT:**

Dalton Rice (KPFC)

**OTHERS PRESENT:**

Stephen Schulte, Legal Counsel  
John Bonnin  
Frank Rotondi, Sky Global Partners, LLC (*via teleconference*)  
Randall Bird, Sky Global Partners, LLC (*via teleconference*)  
Lance Pettigrew, SEnergy  
William Whitson, KerrEDC  
Erik Anderson, LCRA

**CALL TO ORDER:**

Mr. Bill Thomas, Chairman and President, called the Regular Monthly Meetings to order at 8:30 a.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

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

There were no citizens/consumers to speak.



**2. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Ms. Bueché highlighted employee anniversaries for the month of October with a combined service of 55 years. She advised KPUB participated in the Chamber Business Expo October 31<sup>st</sup> and November 1<sup>st</sup> as well as Fright Night on October 31<sup>st</sup>. Our linemen installed the new courthouse tree and hung 140 street ornaments. KPUB had a float in the annual Holiday Lighted Parade. Ms. Bueché advised that KPUB will be sponsoring a Community Blood Drive on December 11<sup>th</sup>. Ms. Bueché also highlighted school outreach events. The Ready, Set, Winter Prep Event was held on November 13<sup>th</sup> with great attendance. A Weatherization Event will be held on November 20<sup>th</sup> at the Dietert Center. Upcoming volunteer activities include Salvation Army Bell Ringing on December 12<sup>th</sup> and 19<sup>th</sup>; and a Food Pantry on December 15<sup>th</sup>. Ms. Bueché announced that Kerrville Public Utility Board (KPUB) received multiple honors at the APPA Customer Connections Conference, including the Public Power Customer Satisfaction Awards, two Excellence in Public Power Communications Awards, and—for the first time—the Audience Choice Award for Video. In addition, KPUB was awarded the 2025 Small Issuer Financing Deal of the Year by The Bond Buyer Publication. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, December 17, 2025 at 8:30 a.m.*
- *Wednesday, January 21, 2026 at 8:30 a.m.*
- *Wednesday, February 18, 2026 at 8:30 a.m.*

**3. 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 on Hedging Activities, ERCOT Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Larry Howard, Treasurer for KPUB so moved. Glenn Andrew, Vice Chairman for KPUB seconded the motion. Vote was by show of hands. Motion carried 5 – 0. Mr. Howard so moved for KPFC. Mr. Andrew seconded the motion for KPFC. Vote was by show of hands. Motion carried 5 – 0.

The Boards entered Executive Closed Session at 8:39 a.m. At 10:23 a.m. Chairman and President Thomas adjourned the Executive Closed Session and reconvened into Open Session.

*\*At 10:08 a.m. the Boards took a break, coming back into session at 10:17 a.m.*

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

No public action taken by the Board.

**5. CONSENT AGENDA (KPUB and KPFC):**

Mr. Howard made a motion for KPUB and KPFC to accept items in the consent agenda as presented. Mr. Andrew seconded the motions. Vote was by a show of hands. Motions carried 5 – 0.

5A. APPROVAL OF MINUTES (KPUB and KPFC).

5B. RESOLUTION NO. 25-24 (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving payment to various providers of services or supplies.

5C. SEPTEMBER 2025 QUARTERLY FUNDS REPORT (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER. Acceptance of the September 2025, Quarterly Funds Report as presented to the Investment Committee following the October 15, 2025, Board Meeting.

5D. APPROVAL AND REPORTING OF PURCHASES AND SALES (KPUB):

1. Fleet Sales (Howard Hall, Field Services Supervisor)

**END OF CONSENT AGENDA**

**6. FINANCIAL REPORT (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER:**

Ms. Dozier presented the financial statements for the year ended September 30, 2025 and the month ended October 31, 2025. Highlights for the fiscal year ended September 30, 2025 for KPUB include a \$585K increase in net position, which is \$932K better than budget; \$46.8M in operating revenue for FY2025; \$47.7M in operating expense for FY2025; \$877K in operating loss for FY2025; \$593K in net nonoperating revenue for FY2025; \$22.3M in over collection of power cost adjustment as of September 30, 2025. October 2025 highlights include: \$128K decrease in net position for the month and year; \$3.8M in operating revenue for the month and year; \$4.1M in operating expense for the month and year; \$303K in operating loss for the month and year; nonoperating income was better than expected primarily due to a payment for damages caused by a construction contractor on Holdsworth Drive; \$22.7M in over collection of power cost adjustment as of October 31, 2025; and \$48.1M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned an annualized blended rate of 4.18% in October. KPFC's financial statement highlights include \$36.1M in generation project costs shown as Capital Assets as of October 31, 2025; and \$35.6M balance in the Construction Fund as of October 31, 2025.

Ms. Dozier also highlighted the first rate stabilization transfer in accordance with Resolution No. 25-22 passed in September 2025. Ms. Dozier gave an update on FEMA reimbursements on projects that were submitted. She gave an update on the annual audit for items completed and next steps in the process. Ms. Dozier provided a power point presentation with highlights and financial metrics from her memo.

**7. ENGINEERING AND OPERATIONS PROJECTS, AND CAPITAL BUDGET REPORT – TONY PEREZ, DIRECTOR OF ENGINEERING (KPUB):**

Mr. Perez presented the Projects and Capital Budget Reports for the fourth quarter of fiscal year end 2025. He went over the current status on distribution design projects, and substation projects. He highlighted the Jack Furman T2 Addition progress. Budget categories highlighted included general plant/other; heavy equipment and vehicles; line construction; meters and substations. Mr. Perez went over the active projects as well as relocation work at the mall for the addition of Academy Sports. He gave an update on the Hunt Substation, which will need an extension for FEMA submission.

**8. CONSIDERATION AND ACTION ON RESOLUTION NO. 25-25 – TONY PEREZ, DIRECTOR OF ENGINEERING AND ERIN CALLAN, ACCOUNTING MANAGER (KPUB):**

Mr. Perez advised that KPUB has been working with the Lower Colorado River Authority (LCRA) and the Upper Guadalupe River Authority (UGRA) on communication infrastructure needs to support flood monitoring systems in Kerr County along the Guadalupe River. This involves LCRA's expansion of its private LTE network to cover sites identified by UGRA for rain gauge monitors and other remote equipment (map provided for the Board to review). Mr. Perez advised the Broadband Development Office Texas Middle Mile Grant Program includes provisions for funding communications projects that "include infrastructure enhancements that will support or integrate with flood detection and monitoring systems in vulnerable areas". KPUB's scope of this project involves extension of approximately 6 – 8 miles of fiber to complete communications links between two LCRA tower locations, to an existing KPUB substation, Kerrville Schreiner Park and six critical City of Kerrville water facilities. As a local entity with experience providing fiber to support LCRA communications systems and construction scope involved, KPUB is in a position to lead the application to help facilitate and expedite this extremely important communication infrastructure project. Mr. Perez advised KPUB directly benefits from this project through extension of 2.5 miles of fiber towards the future Highway 16 South substation Site; closing a gap in KPUB's fiber system between the Legion Substation and Raymond Barker Substation; Adding a connection to the Travis Substation (which provides a redundant connection to the Smokey Mountain radio tower); and expansion of the LCRA LTE network which will be used in the future to support KPUB's SCADA system for distribution line devices outside of substations.

Staff recommended approval of Resolution No. 25-25 to authorize KPUB's submittal of an application for Texas Middle Mile Grant funds to apply towards a joint project with LCRA to build out the necessary infrastructure for their LTE network. Additionally, staff recommended execution of an Interlocal Agreement with associated parties involved and benefitting from this system and a Memorandum of Understanding outlining responsibilities for implementation of the project should funds be awarded for the project. Mr. Howard made a motion to approve Resolution No. 25-25, and to execute the Interlocal Agreement and Memorandum of Understanding as presented. Mayor Joe Herring, Jr. seconded the motion. Vote was by a show of hands. Motions carried 5 – 0.

**9. ADJOURNMENT (KPUB and KPFC)**

Chairman and President Thomas adjourned the Regular Board Meeting at 10:59 a.m.

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

\_\_\_\_\_  
Bill Thomas, Chairman and President

**ATTEST**

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

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2025

Re: Agenda Item No. 7B – Resolution No. 25-26

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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 November 13, 2025 and December 11, 2025 for Board approval:

	<b>Vendor</b>	<b>Description</b>	<b>Amount</b>	<b>Date</b>
	<b>Purchased Power:</b>			
1	NextEra	September 2025	\$ 485,088.00	11/20/2025
2	Concho Bluff	September 2025	88,622.38	11/20/2025
3	CPS	September 2025	848,755.42	11/20/2025
4	DG Solar	September 2025	49,477.36	11/26/2025
5	Engie	September 2025	89,663.15	12/02/2025
6	LCRA	September 2025	704,138.59	12/04/2025
7	Garland	September 2025	(171,376.10)	12/03/2025
	<b>Payroll:</b>			
1	Payroll	Pay period ending 11/15/2025	175,666.34	11/21/2025
2	Payroll	Pay period ending 11/29/2025	173,617.67	12/05/2025
3	Payroll Taxes	Pay period ending 11/15/2025	57,953.75	11/26/2025
4	Payroll Taxes	Pay period ending 11/29/2025	57,007.73	12/10/2025
	<b>Employee Benefits:</b>			
1	TX Health Benefits	Health Insurance -December	96,582.54	12/01/2025
2	TMRS	Pension - November Payroll	102,693.66	12/04/2025
	<b>Investment Transfers:</b>			
1	Happy State Bank	Investment Transfer	285,000.00	11/14/2025
2	Happy State Bank	Investment Transfer	450,000.00	11/21/2025
3	Happy State Bank	Investment Transfer	470,000.00	11/26/2025
4	Happy State Bank	Investment Transfer	1,200,000.00	12/05/2025
	<b>Other:</b>			
1	Progressive Emergency Products	Generator	78,751.40	11/19/2025

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  
Assistant General Manager

**RESOLUTION NO. 25-26**

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

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

**WHEREAS**, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

**WHEREAS**, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:**

**Section 1.** That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

**Section 2.** That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

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

**PASSED, APPROVED AND ADOPTED on this 17<sup>th</sup> day of December, 2025**

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**Bill Thomas, Chairman**

**ATTEST:**

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**Rachel Johnston, Secretary**



## MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2025

Re: Agenda Item No. 7C – Public Information  
Officer

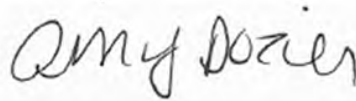
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KPUB Resolution 25-27 is attached for your consideration.

Per the requirements of the Open Records Act, this resolution appoints a Public Information Coordinator for KPUB. The resolution replaces Resolution 21-28 that previously designated the Accounting Supervisor for this role. The title for this position has changed from Accounting Supervisor to Accounting Manager. Resolution 25-27 reflects the updated title.

Staff recommends approval of KPUB Resolution 25-27.

Sincerely,

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

Amy Dozier  
Assistant General Manager

**RESOLUTION NO. 25-27**

**A RESOLUTION BY THE KERRVILLE PUBLIC UTILITY BOARD DESIGNATING A PUBLIC INFORMATION COORDINATOR UNDER THE TEXAS GOVERNMENT CODE.**

**WHEREAS**, the Kerrville Public Utility Board and each of its Trustees desire to designate the Accounting Manager of KPUB as the public information coordinator for the Board and each Trustee under Section 552.012 of the Texas Government Code for administering the responsibilities of the Board and its Trustees under Chapter 552 of the Texas Government Code;

**NOW, THEREFORE BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:**

**Section 1.** That the Kerrville Public Utility Board hereby designates the Accounting Manager of KPUB as the public information coordinator for the Board and each Trustee under Section 552.012 of the Texas Government Code with the primary responsibility for administering the responsibilities of the Board and its Trustees under Chapter 552 of the Texas Government Code, commonly known as the Open Records Act;

**Section 2.** That, pursuant to Section 552.012 (c) of the Government Code, the Accounting Manager is designated by the Trustees to satisfy the training requirements for the Trustees under Section 552.012 (b) of the Texas Government Code;

**Section 3.** That any prior Resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of any conflict.

**PASSED, APPROVED AND ADOPTED on this 17<sup>th</sup> day of December, 2025**

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**Bill Thomas, Chairman**

**ATTEST:**

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**Rachel Johnston, Secretary**

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2025

Re: Agenda Item No. 7D – KPUB Investment Policy

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KPUB Resolution No. 25-28 and Board Policy 44 – Investment Policy and Strategy (Policy) are presented for your consideration. The Public Funds Investment Act requires an annual review and adoption of an investment policy and authorized brokers and dealers.

This year, the policy was reviewed by:

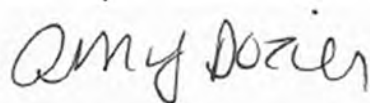
1. **Steve Schulte**, Attorney. As KPUB's General Counsel, Steve reviewed and approved the attached investment policy as to form.
2. **Stephanie Leibe**, Partner at Norton Rose Fulbright. As KPUB's Bond Counsel, Stephanie reviewed and approved the attached investment policy for legality and content.

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

- Changing Supervisor of Accounting title to Accounting Manager to reflect Erin Callan's title
- Minor formatting change

Staff recommends approval of KPUB Resolution 25-28.

Sincerely,



Amy Dozier  
Assistant General Manager

**KERRVILLE PUBLIC UTILITY BOARD**

**BOARD POLICY 44**

Title: Investment Policy and Strategy

Effective Date: December 1~~7~~<sup>8</sup>, 202~~5~~<sup>4</sup>

Resolution No. 2~~5~~<sup>4</sup>-284-21

Replaces: December 1~~8~~<sup>8</sup>, 202~~4~~<sup>3</sup>, 202~~3~~

Resolution No. 2~~4~~<sup>4</sup>-213-19

**44.00 SCOPE**

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

**44.10 POLICY STATEMENT**

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

**44.20 OBJECTIVES**

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

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

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

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

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

**44.30 ASSIGNMENT OF RESPONSIBILITIES**

**44.31 KPUB Board**

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

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

**44.32 Investment Committee**

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

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

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**Investment Officers**

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

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**Investment Advisor**

KPUB may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies and the execution of security purchases, sales and deliveries.

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**Standard of Care**

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

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

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**Ethics and Conflicts of Interest**

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

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**Officer Training**

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

#### 44.40 REPORTING

The Assistant General Manager, as the Investment Officer, shall submit quarterly, or more often as directed by the Board, an investment report to the General Manager and Chief Executive Officer, and the Board. The report shall include all items required by the Act (Section 2256.023) and shall summarize the investment strategies employed in the most recent quarter. The Assistant General Manager or ~~Supervisor of Accounting~~ Accounting Manager shall sign and certify that the report represents compliance with this Investment Policy and the Act.

#### 44.41 Audits

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

#### 44.50 AUTHORIZED INVESTMENTS

Assets or funds of KPUB may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPUB until this Policy is reviewed, amended, and adopted by the Board. Except as provided by Chapter 2270 of the Texas Government Code, KPUB is not required to liquidate investments that were authorized investments at the time of purchase. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment ("DVP") to the KPUB contracted safekeeping institution.

- (a) Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in construction funds;
- (b) Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
- (c) Fully NCUSIF insured share certificates from credit unions domiciled in the State of Texas meeting all other requirements set forth in the Act (Section 2256.010) with a maximum maturity of two (2) years;



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

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

#### 44.51 **Mark-to-market**

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

#### 44.52 **Competitive Bidding**

Individual security purchases and sales (excluding transactions with money market mutual funds, local government investment pools, and when issued securities) require at least three competitive offers or bids. Bids may be solicited orally, in writing, electronically, or in any combination of those methods.

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**44.53      Delivery versus payment settlement**

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

**44.60      HEDGING**

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

**44.61      Market Hedge**

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

**44.62      Internal Hedge**

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

**44.70      INVESTMENT STRATEGIES**

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

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

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

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

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

**44.71 Strategy by fund type**

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

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

**44.72 Revenue Fund**

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

**44.73 Construction Fund**

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

Executive Officer.

**44.74 Debt Reserve Fund**

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

**44.75 Interest and Sinking Fund**

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

**44.76 Emergency Repair, Replacement, and Contingency Fund**

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

**44.77 Rate Stabilization Fund**

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

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

**44.78 Long-Term Rate Stabilization Fund**

The Long-Term Rate Stabilization Fund was established to minimize the exposure of KPUB customers to long term power supply volatility. The use of this fund will be initiated by Board action to fund acquisition of equity positions in generation

resources, pre-purchase fuel agreements, investment in infrastructure, and other actions to limit long term exposure to ERCOT market volatility.

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

**44.79 Federal Income Tax Limitations on Investments**

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

**44.80 BANKS AND BROKER/DEALERS**

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

**44.81 Banks**

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

**44.82 Broker/dealers**

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

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

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

Each broker/dealer will be provided the current Policy.

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

**44.83 Local Government Investment Pools**

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

**44.90 COLLATERAL**

**44.91 Collateral Pledged to KPUB**

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

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

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

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

**44.92 Collateral Owned by KPUB**

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

Authorized collateral for repurchase agreements shall include only:

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

#### **44.100 INTERNAL CONTROLS**

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

#### **44.101 Cash Flow Forecasting**

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

#### **44.102 Loss of Rating**

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

#### **44.103 Monitoring FDIC Coverage**

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

#### **44.110 INVESTMENT POLICY ADOPTION**

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



Approved as to Form

\_\_\_\_\_  
Stephen Schulte, General Counsel

Approved as to Legality and Content

\_\_\_\_\_  
Stephanie V. Leibe, Bond Counsel

Recommended for Board Approval

\_\_\_\_\_  
General Manager and Chief Executive Officer

Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 202~~5~~<sup>4</sup>

\_\_\_\_\_  
~~Bill Thomas~~<sup>Larry Howard</sup>, Chairman

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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

<b>KERRVILLE PUBLIC UTILITY BOARD</b>	
<b>BOARD POLICY 44</b>	
Title: Investment Policy and Strategy	
Effective Date: December 17, 2025	Resolution No. 25-28
Replaces: December 18, 2024	Resolution No. 24-21

**44.00 SCOPE**

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#### **44.50           AUTHORIZED INVESTMENTS**

Assets or funds of KPUB may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPUB until this Policy is reviewed, amended, and adopted by the Board. Except as provided by Chapter 2270 of the Texas Government Code, KPUB is not required to liquidate investments that were authorized investments at the time of purchase. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment (“DVP”) to the KPUB contracted safekeeping institution.

- (a)     Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in construction funds;
- (b)     Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
- (c)     Fully NCUSIF insured share certificates from credit unions domiciled in the State of Texas meeting all other requirements set forth in the Act (Section 2256.010) with a maximum maturity of two (2) years;

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

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

#### **44.51**

##### **Mark-to-market**

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

#### **44.52**

##### **Competitive Bidding**

Individual security purchases and sales (excluding transactions with money market mutual funds, local government investment pools, and when issued securities) require at least three competitive offers or bids. Bids may be solicited orally, in writing, electronically, or in any combination of those methods.

**44.53      Delivery versus payment settlement**

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

**44.60      HEDGING**

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

**44.61      Market Hedge**

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

**44.62      Internal Hedge**

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

**44.70      INVESTMENT STRATEGIES**

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



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

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

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

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

#### **44.71 Strategy by fund type**

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

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

#### **44.72 Revenue Fund**

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

#### **44.73 Construction Fund**

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

**44.74 Debt Reserve Fund**

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

**44.75 Interest and Sinking Fund**

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

**44.76 Emergency Repair, Replacement, and Contingency Fund**

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

**44.77 Rate Stabilization Fund**

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

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

**44.78 Long-Term Rate Stabilization Fund**

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

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

**44.79 Federal Income Tax Limitations on Investments**

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

**44.80 BANKS AND BROKER/DEALERS**

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

**44.81 Banks**

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

**44.82 Broker/dealers**

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

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

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

Each broker/dealer will be provided the current Policy.

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

**44.83 Local Government Investment Pools**

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

**44.90 COLLATERAL**

**44.91 Collateral Pledged to KPUB**

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

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

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

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

**44.92 Collateral Owned by KPUB**

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

Authorized collateral for repurchase agreements shall include only:

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

#### **44.100 INTERNAL CONTROLS**

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

##### **44.101 Cash Flow Forecasting**

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

##### **44.102 Loss of Rating**

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

##### **44.103 Monitoring FDIC Coverage**

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

#### **44.110 INVESTMENT POLICY ADOPTION**

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

**Approved as to Form**

\_\_\_\_\_  
Stephen Schulte, General Counsel

**Approved as to Legality and Content**

\_\_\_\_\_  
Stephanie V. Leibe, Bond Counsel

**Recommended for Board Approval**

\_\_\_\_\_  
General Manager and Chief Executive Officer

**Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 2025**

\_\_\_\_\_  
Bill Thomas, Chairman

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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

## **RESOLUTION NO. 25-28**

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

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

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

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

**WHEREAS**, the Board hereby finds and determines that the Policy and investment strategies are adopted for a 12-month period; and

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

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

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

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

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



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

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

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

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

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

**PASSED, APPROVED AND ADOPTED on this 17<sup>th</sup> day of December, 2025**

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**Bill Thomas, Chairman**

**ATTEST:**

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**Rachel Johnston, Secretary**

## MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2025

Re: Agenda Item No. 7E – KPFC Investment Policy

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KPFC Resolution No. 25-07 and Board Policy 44 – Investment Policy and Strategy (Policy) are presented for your consideration. The Public Funds Investment Act requires an annual review and adoption of an investment policy and authorized brokers and dealers.

This year, the policy was reviewed by:

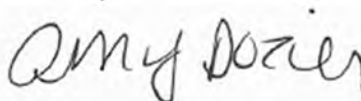
1. **Steve Schulte**, Attorney. As KPUB's General Counsel, Steve reviewed and approved the attached investment policy as to form.
2. **Stephanie Leibe**, Partner at Norton Rose Fulbright. As KPUB's Bond Counsel, Stephanie reviewed and approved the attached investment policy for legality and content.

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

- Changing Supervisor of Accounting title to Accounting Manager to reflect Erin Callan's title
- Minor formatting change

This policy was last approved by the Board in May 2025. This annual review is being presented in December 2025 rather than May 2026 so that KPFC's Investment Policy can be reviewed on the same calendar as KPUB's Investment Policy. Staff recommends approval of KPFC Resolution 25-07.

Sincerely,



Amy Dozier  
Assistant General Manager

**KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION**

**BOARD POLICY 44**

Title: Investment Policy and Strategy

Effective Date: ~~December 17~~May 15, 2025

Replaces: ~~May 15, 2025~~N/A

Resolution No. 25-~~07~~02

Resolution No. 25-02

**44.00 SCOPE**

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

**44.10 POLICY STATEMENT**

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

**44.20 OBJECTIVES**

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

Each investment decision shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. KPFC's investment portfolio will remain sufficiently liquid to meet KPFC's operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets as well as maintaining a minimum one-month liquidity buffer.

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

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

**44.30 ASSIGNMENT OF RESPONSIBILITIES**

**44.31 KPFC Board**

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

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

**44.32 Investment Committee**

There is hereby created an Investment Committee, consisting of the Executive Director, KPUB's Assistant General Manager and two KPFC Directors.

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

**44.33 Investment Officers**

The KPUB's Assistant General Manager and KPUB's ~~Supervisor of Accounting~~ **Accounting Manager** are designated as the Investment Officers for KPFC. Management responsibility for the investment program is hereby delegated

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

**44.34 Investment Advisor**

KPFC may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies and the execution of security purchases, sales and deliveries.

**44.35 Standard of Care**

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

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

**44.36 Ethics and Conflicts of Interest**

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

**44.37 Officer Training**

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

**44.40 REPORTING**

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

employed in the most recent quarter. The KPUB's Assistant General Manager or KPUB's ~~Supervisor of Accounting~~ Accounting Manager shall sign and certify that the report represents compliance with this Investment Policy and the Act.

**44.41 Audits**

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

**44.50 AUTHORIZED INVESTMENTS**

Assets or funds of KPFC may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPFC until this Policy is reviewed, amended, and adopted by the Board. Except as provided by Chapter 2270 of the Texas Government Code, KPFC is not required to liquidate investments that were authorized investments at the time of purchase. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment ("DVP") to the KPFC contracted safekeeping institution.

- (a) Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in construction funds;
- (b) Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
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**44.60 HEDGING**

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

**44.61 Market Hedge**

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

**44.62 Internal Hedge**

In addition to market-based investment strategies for recognized funds, the Operations Advisory Team may create and monitor an internal hedge strategy focused on managing price risk related to natural gas. An internal hedge may include natural gas price locks or other strategies to cap the price paid for natural gas. Specific internal hedge strategies will be reviewed and approved at least semi-annually by the Operations Advisory Team as well as the Investment Committee.

**44.70 INVESTMENT STRATEGIES**

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

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

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

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

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

**44.71 Strategy by fund type**

The Trust Indenture has created the following funds: Revenue Fund, Debt Service Fund, Operation and Maintenance Fund, Facility Fund, and Construction Fund.

**44.72 Revenue Fund**

The Revenue Fund requires a high degree of liquidity to meet monthly and ongoing operational needs.

**44.73 Debt Service Fund**

The Debt Service Fund investments will be designed to meet the twice-yearly bond payment requirements for which the funds are accumulated. Investments will be structured to meet the current debt payment date and no extension shall be made until the preceding payments have been fully funded. Investments shall strive to achieve competitive yields.

**44.74 Operation and Maintenance Fund**

Like the Revenue Fund, the Operation and Maintenance Fund requires a high degree of liquidity to meet monthly and ongoing operational needs.

**44.75 Facility Fund**

The Facility Fund was established to be used at the discretion of KPFC, with the approval of the KPUB Board, for the benefit of the System or Facility or as needed.

The Facility Fund will most likely require a high degree of liquidity, but can include allowable investments with a maturity under one year, if approved by the Investment Committee.

**44.76 Construction Fund**

The Construction Fund is to be structured to meet known construction payment requirements. Due to long construction periods the maximum maturity for these funds shall be two (2) years and the maximum WAM shall be two (2) years. A laddered portfolio strategy using high credit quality securities will be based on known expenditure plans. The Construction Fund will be compared against appropriately competitive and reasonable benchmarks.

**44.77 Federal Income Tax Limitations on Investments**

The Board recognizes that the provisions of Trust Indenture and the Internal Revenue Code of 1986, as amended (the "Code") impose certain restrictions upon the investment of KPFC funds. While the investment strategies of the Board include goals to maximize the yield on any investments, the Board recognizes that certain investments must be made at yields at or below the yields on KPFC's

outstanding revenue bonds to comply with the provisions of the aforementioned ordinance and the Code. The Board recognizes that excess earnings may activate rebate provisions but the goal will be to match all available earnings potential.

**44.80 BANKS AND BROKER/DEALERS**

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

**44.81 Banks**

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

**44.82 Broker/dealers**

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

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

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

Each broker/dealer will be provided the current Policy.

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

**44.83 Local Government Investment Pools**

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

#### **44.90 COLLATERAL**

##### **44.91 Collateral Pledged to KPFC**

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

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

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

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

##### **44.92 Collateral Owned by KPFC**

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

Authorized collateral for repurchase agreements shall include only:

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

#### **44.100 INTERNAL CONTROLS**

The Investment Officer shall establish a system of controls to regulate the activities of the investment program and subordinate staff. The controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent

loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of KPFC. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

**44.101 Cash Flow Forecasting**

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

**44.102 Loss of Rating**

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

**44.103 Monitoring FDIC Coverage**

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

**44.110 INVESTMENT POLICY ADOPTION**

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

Approved as to Form

\_\_\_\_\_  
Stephen Schulte, General Counsel

Approved as to Legality and Content

\_\_\_\_\_  
Stephanie V. Leibe, Bond Counsel

**Recommended for Board Approval**

\_\_\_\_\_  
Executive Director

**Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 2025**

\_\_\_\_\_  
Bill Thomas, President

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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



# **KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION**

## **BOARD POLICY 44**

Title: Investment Policy and Strategy

Effective Date: December 17, 2025

Replaces: May 15, 2025

Resolution No. 25-07

Resolution No. 25-02

### **44.00**

#### **SCOPE**

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

### **44.10**

#### **POLICY STATEMENT**

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

### **44.20**

#### **OBJECTIVES**

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

Each investment decision shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. KPFC's investment portfolio will remain sufficiently liquid to meet KPFC’s operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets as well as maintaining a minimum one-month liquidity buffer.

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

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

**44.30 ASSIGNMENT OF RESPONSIBILITIES**

**44.31 KPFC Board**

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

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

**44.32 Investment Committee**

There is hereby created an Investment Committee, consisting of the Executive Director, KPUB's Assistant General Manager and two KPFC Directors.

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

**44.33 Investment Officers**

The KPUB's Assistant General Manager and KPUB's Accounting Manager are designated as the Investment Officers for KPFC. Management responsibility for the investment program is hereby delegated to the KPUB's Assistant General

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

**44.34 Investment Advisor**

KPFC may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies and the execution of security purchases, sales and deliveries.

**44.35 Standard of Care**

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

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

**44.36 Ethics and Conflicts of Interest**

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

**44.37 Officer Training**

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

**44.40 REPORTING**

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

employed in the most recent quarter. The KPUB's Assistant General Manager or KPUB's Accounting Manager shall sign and certify that the report represents compliance with this Investment Policy and the Act.

**44.41 Audits**

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

**44.50 AUTHORIZED INVESTMENTS**

Assets or funds of KPFC may be invested only in the following investments. New investment types authorized by Texas law will not be authorized for KPFC until this Policy is reviewed, amended, and adopted by the Board. Except as provided by Chapter 2270 of the Texas Government Code, KPFC is not required to liquidate investments that were authorized investments at the time of purchase. All investment transactions will be made on a competitive basis and all securities shall be delivered versus payment ("DVP") to the KPFC contracted safekeeping institution.

- (a) Obligations of the United States or its agencies and instrumentalities excluding mortgage-backed securities with a maximum maturity of five years, as permitted by the Act (Section 2256.009), extending to ten years in construction funds;
- (b) Depository certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas with a maximum maturity of two (2) years, which are fully FDIC insured or collateralized in accordance with this policy and meet all further requirements as set forth in the Act (Section 2256.010(a)). This is to include those deposits placed through the Certificate of Deposit Account Registry Service (CDARS) and meeting all further requirements as set forth in the Act (Section 2256.010(b));
- (c) Fully NCUSIF insured share certificates from credit unions domiciled in the State of Texas meeting all other requirements set forth in the Act (Section 2256.010) with a maximum maturity of two (2) years;
- (d) Repurchase agreements collateralized only by cash and obligations of the United States or its agencies and meeting all other requirements set forth in the Act (Section 2256.011). Flex repurchase agreements may be utilized for bond construction funds to match anticipated expenditure limits and may extend beyond five years to match anticipated expenditures. Section 2256.010 limits reverse security repurchase agreements to 90 days;

- (e) Local government investment pools rated not less than AAA, or an equivalent rating by at least one nationally recognized rating service which strive to maintain a \$1 net asset value and meeting all other requirements of the Act (Section 2256.016). The Board must approve by resolution, participation in any pool;
- (f) Fully insured brokered certificate of deposit securities from any US state, delivered versus payment to KPFC safekeeping. The broker must be on the authorized broker/dealer list of KPFC and meet all other requirements set forth in the Act (Section 2256.010), including a main or branch office in Texas. Before purchase the Investment Officer must verify the FDIC status of the bank or banks;
- (g) Fully FDIC or NCUSIF insured or collateralized interest-bearing accounts of any bank or credit union doing business in Texas;
- (h) A1/P1 or equivalent rated domestic commercial paper with a maximum maturity of 270 days and meeting all other requirements of the Act (Section 2256.013);
- (i) an AAA rated SEC-registered money market mutual funds which strive to maintain a \$1 net asset value and meets all other requirements set forth in the Act (Section 2256.014(a)).

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

#### **44.51 Mark-to-market**

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

#### **44.52 Competitive Bidding**

Individual security purchases and sales (excluding transactions with money market mutual funds, local government investment pools, and when issued securities) require at least three competitive offers or bids. Bids may be solicited orally, in writing, electronically, or in any combination of those methods.

#### **44.53 Delivery versus payment settlement**

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

#### **44.60 HEDGING**

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

#### **44.61 Market Hedge**

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

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

**44.81 Banks**

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

- Annual financial statements (required annually),
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- Registration with the Texas State Securities Board.

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## **44.90 COLLATERAL**

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  - a) Is designated by the Comptroller as a state depository,
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**Approved as to Form**

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Stephen Schulte, General Counsel

**Approved as to Legality and Content**

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Stephanie V. Leibe, Bond Counsel

**Recommended for Board Approval**

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Executive Director

**Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 2025**

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Bill Thomas, President

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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

## **RESOLUTION NO. 25-07**

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

**WHEREAS**, the Board of Trustees (the "Board") of the Kerrville Public Utility Board Public Facility Corporation ("KPFC") is required to adopt an investment policy (the "Policy") and certain investment strategies that are attached as Exhibit A to this Resolution and incorporated by reference herein for all purposes;

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

**WHEREAS**, the Board hereby finds and determines that the Policy and investment strategies are adopted for a 12-month period; and

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

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

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

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

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

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

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

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

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

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

**PASSED, APPROVED AND ADOPTED on this 17<sup>th</sup> day of December, 2025**

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**President, Board of Directors**

**ATTEST:**

---

**Secretary, Board of Directors**

(CORPORATION SEAL)

## MEMORANDUM

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

From: Tony Perez

Date: December 17, 2025

Re: Agenda Item No. 7F – Recommendation for Approval – Execution of  
Interlocal Agreement with LCRA for General Services

---

KPUB works closely with the Lower Colorado River Authority (LCRA) to coordinate the maintenance of its substations and other associated equipment. The interlocal agreement that KPUB contracts with LCRA to perform this type of work expired in November of 2025. Utilizing LCRA crews for this work helps control costs and ensures critical systems are tested and maintained on their required cycles.

The attached interlocal agreement sets the contracting terms and allows KPUB to utilize LCRA crews to perform work on KPUB system as these needs arise. This approach allows both companies to avoid redundant expenditures through coordination of work that typically overlaps while ensuring maintenance and testing requirements are not missed between the two parties. This agreement does not require KPUB to utilize LCRA crews for these services, but provides a streamlined approach to scoping and contracting with LCRA for their services on KPUB system.

I have reviewed the attached interlocal agreement and recommend approval and authorization to execute the agreement so we can continue to utilize LCRA crews for construction, testing, and maintenance services on our facilities.

Please let me know if you have any questions or need additional information on this.

Thank you,



Tony Perez  
Director of Engineering

**INTERLOCAL AGREEMENT BETWEEN THE KERRVILLE PUBLIC UTILITY  
BOARD AND LOWER COLORADO RIVER AUTHORITY REGARDING  
ELECTRICAL TRANSMISSION, CONTROL, AND SUBSTATION FACILITIES**

This Agreement is entered into by and between KPUB and LCRA pursuant to the Texas Interlocal Cooperation Act (Chapter 791, Texas Government Code), and is effective on and as of the Effective Date. For and in consideration of the mutual promises and covenants set out in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each Party, the Parties agree as follows:

**1. Definitions**

1.1. As used in this Agreement, the following terms have the following meanings:

<b><u>Term</u></b>	<b><u>Meaning</u></b>
Agreement	This Interlocal Agreement between KPUB and LCRA.
Effective Date	The date this Agreement has been executed by the last Party to so execute.
Facilities	Transformation, distribution and substation facilities.
KPUB	The Kerrville Public Utility Board, acting as an agent for the City of Kerrville, Texas
LCRA	The Lower Colorado River Authority, a conservation and reclamation district of the State of Texas.
LCRA TSC	LCRA Transmission Services Corporation, a Texas non-profit corporation and instrumentality of LCRA created pursuant to Texas Water Code Chapter 152.
Parties	Both KPUB and LCRA jointly.
Party	Either KPUB or LCRA, as applicable.
Services	The following services, including the personnel, labor, material and equipment necessary to perform the work, that LCRA may provide upon KPUB's request: (1) engineering, design and project management services for substation and distribution facilities; (2) substation and distribution construction and maintenance (including vegetation management such as tree trimming and ROW clearing); (3) relaying and control testing and maintenance; (4) material procurement and use of contracts with vendors; (5) fleet repair and maintenance; (6) protective equipment testing services; (7) any other services or offerings mutually agreed upon by the Parties.
Work Order	A written directive in the form of Exhibit A, signed by both Parties, initiating the performance of Services under this Agreement. It will include, as appropriate, the subject Facilities and the detailed scope of Services to be performed, a schedule for the performance of Services, a pricing methodology for the Services to be performed, and other terms and conditions specific to the Services.

**2. Background**

- 2.1. KPUB owns and operates electric transformation and distribution lines and related facilities.
- 2.2. LCRA is authorized by Chapter 8503 of the Texas Special District and Local Laws Code to distribute and sell electric energy.
- 2.3. LCRA provides planning, repair, maintenance, testing, technical, training, and inspection services for the transmission Facilities of LCRA TSC.



- 2.4. Cooperation between KPUB and LCRA in planning for and in providing repair, maintenance and technical services (testing, inspection and personnel training) for Facilities, would enable KPUB and LCRA to avoid redundant expenditures, reduce the costs to their respective customers, improve the responsiveness of each Party to outages and emergencies, and enhance the reliability of the respective Facilities
- 2.5. LCRA is willing to perform Services on the Facilities of KPUB, under the terms set out in this Agreement.

### **3. *Exhibit***

The following exhibit is attached to, and incorporated by reference into, this Agreement:

- 3.1. Exhibit A – Work Order

### **4. *Scope of Services***

- 4.1. KPUB may request Services under this Agreement, and LCRA may provide, at its sole discretion, accept the request and provide Services.
- 4.2. Nothing in this Agreement shall require KPUB to have Services performed by LCRA, nor will LCRA be required to accept any Work Order submitted by KPUB.
- 4.3. Performance of Services under this Agreement shall be initiated by a Work Order.
- 4.4. The Parties shall mutually define the scope, timing, and pricing of Services requested in a Work Order before performance begins.

### **5. *Compensation***

- 5.1. The pricing for the Services shall be either:
  - 5.1.1. A fixed price as established in the Work Order; or
  - 5.1.2. A cost plus methodology in accordance with Section 5.2.
- 5.2. If the Parties elect to use the cost plus methodology:
  - 5.2.1. KPUB will be responsible for the total cost of the Services, even if such amount exceeds the estimate provided by LCRA in the Work Order; and KPUB will compensate LCRA for the following costs related to the Services:
    - 5.2.1.1. All direct costs, which may include (1) costs for materials, supplies, fuels and lubricants used to perform the Services, (2) costs to transport necessary equipment and personnel to KPUB's Facilities, (3) labor costs, including salary and benefits, paid to employees and contractors, together with (4) travel, meal and lodging expenses reimbursed or paid on behalf of employees and contractors within established LCRA expense guidelines.
    - 5.2.1.2. Indirect costs that LCRA normally applies to Services of this nature, including general and administrative costs and other internal expenses and contributions.
    - 5.2.1.3. Other expenses specified in the applicable Work Order or otherwise authorized in advance by both Parties, including the costs of contracts entered into with third parties to perform Services.
- 5.3. LCRA will invoice KPUB in accordance with terms of the Work Order.
  - 5.3.1. For a fixed price Work Order, LCRA will invoice a fixed amount monthly.
  - 5.3.2. For a cost plus Work Orders, LCRA will invoice KPUB for all costs incurred, as defined in Section 5.2 of this Agreement, on a monthly basis.
- 5.4. KPUB will pay LCRA the amount due within thirty (30) days after receiving the invoice. Payment must be in accordance with the electronic funds transfer methods provided by LCRA.

- 5.5. If KPUB does not pay the invoice amount in full when due, the unpaid balance will accrue interest at the lesser of one percent (1.0%) per month or the maximum lawful rate, until paid in full.
- 5.6. KPUB pledges the revenues of its electric utility system to pay its obligations under this Agreement. The amounts payable by KPUB to LCRA under this Agreement are operation and maintenance expenses as contemplated by Section 1502.056 of the Texas Government Code and, as a result, are a first lien against the revenues of KPUB to secure KPUB's payment obligations to LCRA hereunder. KPUB agrees that it will not request Services for which funds have not been appropriated and are not available.

## **6. *KPUB's Responsibilities***

- 6.1. To the extent permitted by law, KPUB shall identify the Facilities and equipment for which it requests Services from LCRA.
- 6.2. KPUB shall provide LCRA with all necessary documents and information relevant to the Facilities and equipment.
- 6.3. KPUB shall review and respond promptly, as appropriate, to all reports, studies, recommendations, and other submissions provided by LCRA, to avoid delaying the performance of Services.

## **7. *Documents, Data, and Publications***

- 7.1. It is agreed and understood that the specifications, drawings, plans, contracts and deliverables developed under this Agreement, or other data, documents or information provided to LCRA by KPUB pursuant to this Agreement are strictly confidential and, unless otherwise required by law, shall not be disclosed to any third party without KPUB's prior written consent.

## **8. *Term and Termination***

- 8.1. This Agreement is contingent upon approval by KPUB's Board of Trustees, and will become effective upon execution by both Parties on the Effective Date.
- 8.2. This Agreement shall be for a term of one (1) year from the Effective Date; provided, however, that this Agreement shall automatically renew unless affirmatively terminated by a written notice signed by a Party and delivered prior to the expiration of each term.
- 8.3. Services authorized prior to expiration of the then-current term shall be completed, and the Parties' obligations under the Agreement shall remain in effect until such completion.
- 8.4. Either Party may terminate this Agreement for convenience upon thirty (30) days prior written notice to the other Party.
  - 8.4.1. Upon termination for convenience, LCRA shall immediately cease performance, except for Services expressly requested by KPUB to be completed. LCRA shall be entitled to compensation for all completed Services, plus its actual and reasonable costs of demobilization.

## **9. *Standards and Inspections; Limitation on Liability***

- 9.1. LCRA shall perform all work under this Agreement in a good and workmanlike manner and in accordance with the applicable industry standards, electrical codes, and Work Order specifications in effect at the time the Services are performed.
- 9.2. KPUB shall have the right of inspection at all reasonable times during the performance of the Services and prior to acceptance of the Services. In the event that the inspection reveals that the Services have not been performed in accordance with the above standards, LCRA shall promptly and diligently re-perform such Services at no additional cost to KPUB.

- 9.3. OTHER THAN THE EXPRESS LIMITED WARRANTIES IN SECTION 9.1, LCRA MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- 9.4. NEITHER PARTY SHALL BE LIABLE TO THE OTHER IN TORT, CONTRACT, WARRANTY, STRICT LIABILITY, STATUTE OR OTHERWISE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST USE, BUSINESS INTERRUPTION LOSSES, OR DAMAGES OR LOSSES INCURRED BY A PARTY'S CUSTOMER), REGARDLESS OF WHETHER THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED OR COULD HAVE BEEN REASONABLY FORESEEN.

#### **10. Notices**

- 10.1. All notices, correspondence, or invoices required to be given by one Party to the other Party under this Agreement will be given to the individuals below. Either Party may change its contacts or noticing address at any time by written notice to the other Party.
- 10.2. All notices required under this Agreement must be in writing and will be deemed properly served, given, or made if (i) delivered in person, (ii) delivered by either registered or certified mail, postage prepaid, or overnight mail, or (iii) sent via e-mail (with confirmation of receipt), to the applicable address below:

TO KPUB:	TO LCRA:
Kerrville Public Utility Board 2250 Memorial Blvd. P.O. Box 294999 Kerrville, TX 78029-4999	Lower Colorado River Authority 3700 Lake Austin Blvd. P.O. Box 220 Austin, TX 78767-0220
Attn: General Manager Telephone: Email:	Attn: Transmission Strategic Services Telephone: Email:

#### **11. Miscellaneous**

- 11.1. This Agreement constitutes the entire understanding of the Parties relating to the subject matter of the Agreement, and there shall be no modification or waiver of this Agreement except by writing signed by the Party asserted to be bound thereby.
- 11.2. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided, however, that neither Party may assign this Agreement or subcontract the performance of Services under this Agreement, in whole or part, without the prior written consent of the other Party.
- 11.3. No failure or delay on the part of a Party to exercise any right or remedy shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any right or remedy preclude any further or other exercise of any such right or remedy. All rights and remedies under this Agreement are cumulative and shall not be considered exclusive of any other rights or remedies provided by law.
- 11.4. If any section or part of this Agreement is declared invalid by any court of competent jurisdiction, the court's decree shall not affect the remainder of this Agreement, and the remainder of the Agreement shall remain in full force and effect with the deletion of the part declared invalid.
- 11.5. The Parties agree and intend that all disputes which may arise from, out of, under or respecting the terms and conditions of this Agreement, or concerning the rights or obligations of the Parties

under the Agreement, or respecting any performance or failure of performance by either Party under the Agreement, shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles. Any legal action or proceeding arising out of this Agreement will be brought exclusively in the courts located in Travis County, Texas.

The Parties, by the signatures of their respective authorized representatives, have entered into this Agreement to be effective on the Effective Date.

**KERRVILLE PUBLIC UTILITY BOARD**

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

Printed Name: Mike Wittler

Title: General Manager & CEO

Date: December 17, 2025

**LOWER COLORADO RIVER AUTHORITY**

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

<b>PROJECT PROPOSAL</b>	
<p style="text-align: center;"><b>LCRA Transmission Strategic Services CUSTOMER SERVICES CONTRACT</b></p> <p style="text-align: center; font-size: small;"><i>Form CSC revised 06/22/2020</i></p>	<p><b>CUSTOMER:</b></p> <p style="text-align: center;"><b>Kerrville Public Utility Board 2250 Memorial Blvd. Kerrville, TX 78029</b></p>
<p><b>PROJECT:</b> _____ <b>DATE SUBMITTED</b> _____</p>	
<p><b>SCOPE OF SERVICES:</b></p>	
<p><b>PROJECT SCHEDULE:</b></p> <p style="margin-top: 20px;"><b>Start:</b> _____</p> <p style="margin-top: 20px;"><b>Complete:</b> _____</p>	<p><b>LCRA CONTACT</b></p> <p><b>Bill Jerram</b>  <b>bill.jerram@LCRA.org</b>  <b>512-940-6713</b></p> <p style="margin-top: 10px;">Lower Colorado River Authority  3700 Lake Austin Blvd.  Austin, TX 78767-0220  Attn: Transmission Customer Relations</p>
<p><b>CONTRACT TYPE</b></p> <p><b>Contract Type:</b>            <b>Independent Contract</b></p>	<p><b>Project Total:</b> _____</p> <p style="margin-top: 20px;"><b>Compensation Form:</b> _____</p>
<p style="font-size: small;"><i>(Please note that if this is an independent contract, terms and conditions should be attached.)</i></p>	
<p><i>Customer and the Lower Colorado River Authority agree that the work described above shall be performed in accordance with the terms and conditions in this contract.</i></p>	
<p><b>Parties:</b></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>Kerrville Public Utility Board</b></p> <p>By: _____</p> <p>Printed Name: <u>Mike Wittler</u></p> <p>Title: <u>General Manager &amp; CEO</u></p> <p>Date: <u>December 17, 2025</u></p> </div> <div style="width: 45%;"> <p><b>Lower Colorado River Authority</b></p> <p>By: _____</p> <p>Title: _____</p> <p>_____</p> </div> </div>	
<p><b>OFFICE USE ONLY</b></p> <p><b>Job Description:</b> _____</p> <p><b>Project ID:</b> _____</p> <p><b>Work Order:</b> _____</p> <p><b>Contract Owner:</b> <u>Bill Jerram</u>                      <b>Contract Coordinator:</b> <u>Catherine Hempfling</u></p>	

## MEMORANDUM

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

From: Mike Wittler

Date: December 11, 2025

Re: Item 7G.—Professional Services SEnergy

---

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

- Power Supply Planning and ERCOT Market Support: The attached proposal outlines the ERCOT support services that SEnergy has normally been providing to KPUB. The total for this purchase is \$95,000.
- Regulatory Support Services: For a number of years SEnergy has been tracking regulatory agency changes, supporting the submission of reports to regulatory agencies and supporting North American Electric Reliability Corporation (NERC) reliability compliance programs and audits for a group of its clients. We would like to continue receiving this support. The total for this purchase is \$30,000.

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

Thanks,



Mike Wittler, P.E.

PRESENTED BY



# **FISCAL YEAR 2026 PROPOSAL**

## **POWER SUPPLY PLANNING – ERCOT MARKET SUPPORT**

PREPARED FOR  
KERRVILLE PUBLIC UTILITIES BOARD

NOVEMBER 18, 2025

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

**SCOPE OF WORK:**

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

**COST ESTIMATE:**

SEnergy will perform services under this agreement related to the above referenced Scope of Work and will provide Kerrville Public Utilities Board itemized invoices for services performed. Services will be billed on an hourly/work performed basis, plus reimbursable expenses. Fees will be based on actual work performed. The estimated budget for completion of the above referenced Scope of Work is **\$95,000**, plus reimbursable expenses.

**APPROVAL:** \_\_\_\_\_

**DATE:** \_\_\_\_\_





# PROPOSAL

## AGENCY TRACKING AND COMPLIANCE SUPPORT SERVICE

PREPARED FOR  
KERRVILLE PUBLIC UTILITY BOARD

SEPTEMBER 9, 2025

**CLIENT:** Kerrville Public Utility Board (KPUB)

**PROPOSAL:** Agency Tracking and Compliance Service

**SCOPE OF WORK:** SEnergy (SE) presents this proposal to KPUB for ongoing Regulatory Tracking and Compliance Support services designed to address electric utility regulatory compliance issues and tasks in a proactive and timely manner.

**Services and deliverables include the following:**

- **Agency Tracking** for ERCOT, PUCT, FERC, EPA, and other relevant electric utility regulatory agencies. Tracking tasks and activities include:
  - Attend relevant meetings (in-person and/or virtually), workshops, training sessions and provide meeting summaries and issue papers/written briefs as needed.
  - Monitor agency websites and other public information sources to track current standards and requirements along with any emerging / developing regulations.
  - Review emerging issues with KPUB staff. Jointly determine whether individual issues require further monitoring, or immediate action including filing comments as needed.
- **Support the development of key compliance documents** including standards-based policy and procedures and other compliance plans and documentation.
  - Provide input and review of KPUB's Compliance Program and associated planning documents.
  - Review all mandatory ERCOT standards and requirements and ensure compliance with applicable ERCOT Protocols and Guidelines.
  - Track PUCT reporting requirements and coordinate all submittals related to KPUB Electric Utility.
- **Prepare and submit applicable reports** to ERCOT, PUCT and other agencies as needed. SE will coordinate with KPUB SMEs to develop plans for each reporting requirement.
- **Key compliance documents and compliance areas include the following:**
  - NERC DP-UFLS Documentation: Including Protection System Maintenance and Testing Program (PSMP)
  - PUCT Emergency Operations Plans (EOP): Annual updates, including any new requirements / changes to 16 Texas Administrative Code (TAC) § 25.53, and annual submittals.
  - HB4150 (\$25.97 Line Inspection and Safety): Annual Attestation and submittal.
  - Periodic Reporting Notices: Information with the bill to customers regarding Load Shed; Critical Load Registration; and energy efficiency / energy conservation resources.
  - PUCT Emergency Contacts : Maintenance and submittals.
  - ERCOT Registration Contacts: Maintenance and submittals utilizing Notice of Change of Information (NCI) process.
  - Distribution Pole Management & Inspections Plan: Plan preparation and submittals.
  - Wildfire Mitigation Plan: Plan preparation and submittals.

- Uniform Pole Standards (UPS): Coordination and adoption of UPS by KPUB Board.
- Large Load Interconnections: Monitoring of rule making process.
- Other RFIs and tasks: Associated with Regulatory Compliance for electric utilities.
- Conduct compliance review meeting or a one-day training session. Additional training modules can be provided on a “time and materials” basis.
- SE will establish a T&M project phase for all ATCS projects. The T&M phase is in addition to the monthly fee-based service. The T&M line item will be used for any tasks that are outside the scope provided above. Certain compliance tasks may require the use of a sub-contractor or outside service provider to ensure compliance. Any use of the T&M phase will be approved in advance by KPUB.

**Term and Cost Proposal:**

SEnergy will perform services under this agreement related to the above referenced Scope of Work for a fixed fee of \$2,500 per month for the period (FY2026) October 1, 2025, through September 30, 2026.

**Approval:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2025

Re: Agenda Item No. 8 – Financial Report

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Attached please find financial statements for the month ended November 30, 2025.

Highlights include:

**KPUB**

- **\$81K increase in net position** on a year-to-date (YTD) basis, which is \$293K lower than budget.
- **\$7.1M in operating revenue** on a YTD basis.
  - Two months in to the new fiscal year, operating revenue is 16.0% lower than budget. Even though kWh sales are slightly higher than budget (2.5%), overall revenues are lower than budget due to purchased power costs that are lower than forecast. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.
- **\$213K in Rate Stabilization Transfer** on a YTD basis.

Operating Loss	\$ (441,957)
Rate Stabilization Transfer	(213,067)
Depreciation	780,620
Actual Capital Spending	<u>(338,663)</u>
YTD Transfer	<u><u>\$ (213,067)</u></u>
- **\$7.6M in operating expense** on a YTD basis.
  - Operating expense is 8.2% better than budget driven primarily by:
    1. Lower than budget purchased power expense due to lower than forecast natural gas prices early in the fiscal year. However, purchased power cost will move closer to budget as natural gas prices have increased from \$2.93 on October 1 to \$3.79 on November 30 and prices are continuing to climb in December.
    2. Administrative expenses are below budget primarily due to the timing of an annual payment to KEDC and a monthly TMRS payment.
- **\$442K in operating loss** on a YTD basis.
- **\$206K in nonoperating income** on a YTD basis.
  - Nonoperating income is \$208K better than budget due to:
    1. An \$80K payment for damages caused by a construction contractor on Holdsworth Dr.

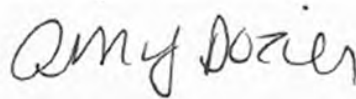
2. Better than budget interest income due to a higher rate (4.05% actual vs. 3.75% budget) and higher balance (\$47M actual vs. \$43M budget) than budgeted. Interest rates continue to fall as the Federal Reserve cuts the Federal Funds Rate, so interest income is expected to trend towards budget as the year progresses.
  3. Lower than budget City of Kerrville transfer due to lower than budget revenues previously discussed.
- **\$23.1M in over collection of power cost adjustment** as of 11/30/2025, an **increase of \$0.5M** from the prior month.
    - The billed rate remains at \$105.00 for 1,000 kWh of residential power. In the November monthly survey of 29 Central and South Texas utilities, KPUB's rate was the 2<sup>nd</sup> lowest. The overall average rate for the 29 utilities is \$129.41.
  - **\$47.7M invested** in municipal investment pools and an account at Happy State Bank.
    - The portfolio of investment accounts earned an annualized blended rate of 4.05% in November.

**KPFC**

- **\$37.9M in generation project costs shown as Capital Assets** as of 11/30/25.
- **\$34.2M balance in the Construction Fund** as of 11/30/25, representing unspent proceeds from the 2025A (open market) bond issuance.

I am happy to answer any questions regarding this report.

Sincerely,



Amy Dozier  
Assistant General Manager



Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2025  
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Current Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	\$ 1,714,198	\$ 1,996,515	\$ (282,317)	-14.14%	\$ 1,633,080	\$ 81,118	4.97%
Commercial/Industrial	1,463,208	1,670,638	(207,430)	-12.42%	1,409,161	54,048	3.84%
Sales to Public Authorities	21,834	21,667	167	0.77%	21,753	81	0.37%
Rate Stabilization Transfer	60,334	243,476	(183,142)	-75.22%	-	60,334	0.00%
Other	34,316	39,599	(5,283)	-13.34%	34,829	(514)	-1.48%
TOTAL OPERATING REVENUES	3,293,889	3,971,895	(678,006)	-17.07%	3,098,822	195,067	6.29%
OPERATING EXPENSES							
Purchased Power	2,094,369	2,177,979	83,610	3.84%	1,942,039	(152,330)	-7.84%
Distribution	343,991	391,616	47,625	12.16%	373,815	29,823	7.98%
Customer Accounts	72,179	67,866	(4,313)	-6.36%	73,886	1,707	2.31%
Customer Service, Informational & Sales	41,346	45,970	4,623	10.06%	35,141	(6,205)	-17.66%
Administrative Expenses	489,817	617,621	127,805	20.69%	460,113	(29,704)	-6.46%
Depreciation & Amortization	390,828	397,576	6,749	1.70%	381,474	(9,353)	-2.45%
TOTAL OPERATING EXPENSES	3,432,530	3,698,628	266,098	7.19%	3,266,468	(166,062)	-5.08%
OPERATING INCOME (LOSS)	(138,641)	273,267	(411,908)	-150.73%	(167,646)	29,005	17.30%
NONOPERATING REVENUES (EXP):							
Interest Income-Investments	164,263	132,812	31,451	23.68%	203,686	(39,423)	-19.35%
Interest Income - City of Kerrville	8,571	8,571	0	0.01%	10,714	(2,143)	-20.00%
Interest Expense	(8,648)	(9,047)	399	4.41%	(8,563)	(86)	-1.00%
City of Kerrville - General Fund Transfer	(104,023)	(123,409)	19,386	15.71%	(99,762)	(4,261)	-4.27%
City of Ingram - Franchise Fee	(2,571)	(3,000)	429	14.30%	(2,500)	(71)	-2.85%
Other - Net	11,467	1,250	10,217	817.38%	(6,460)	17,927	277.52%
TOTAL NONOPERATING REVENUES (EXP)	69,059	7,177	61,883	862.26%	97,117	(28,057)	-28.89%
INCOME BEFORE CONTRIBUTIONS	(69,581)	280,443	(350,025)	-124.81%	(70,529)	948	1.34%
CAPITAL CONTRIBUTIONS	279,052	68,333	210,719	308.37%	43,615	235,437	539.81%
CHANGE IN NET POSITION	\$ 209,470	\$ 348,777	\$ (139,306)	-39.94%	\$ (26,914)	\$ 236,385	878.29%
NET POSITION AT BEGINNING OF MONTH	\$ 80,852,147				\$ 80,593,770		
NET POSITION AT END OF MONTH	\$ 81,061,617				\$ 80,566,856		



Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2025  
(Unaudited)

	Year to Date	Comparison to Budget			Year to Date	Comparison to Last Year	
		Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)		Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	3,713,953	\$ 4,351,476	\$ (637,523)	-14.65%	\$ 3,405,130	\$ 308,823	9.07%
Commercial/Industrial	3,069,790	3,483,910	(414,120)	-11.89%	2,814,667	255,123	9.06%
Sales to Public Authorities	43,623	43,333	290	0.67%	43,455	168	0.39%
Rate Stabilization Transfer	213,067	520,221	(307,154)	-59.04%	-	213,067	0.00%
Other	80,774	79,533	1,241	1.56%	77,584	3,190	4.11%
TOTAL OPERATING REVENUES	7,121,206	8,478,473	(1,357,267)	-16.01%	6,340,836	780,371	12.31%
OPERATING EXPENSES							
Purchased Power	4,523,614	4,968,578	444,963	8.96%	3,919,812	(603,803)	-15.40%
Distribution	858,903	867,749	8,846	1.02%	634,410	(224,494)	-35.39%
Customer Accounts	126,676	135,389	8,713	6.44%	146,850	20,174	13.74%
Customer Service, Informational & Sales	100,668	109,277	8,609	7.88%	85,657	(15,011)	-17.52%
Administrative Expenses	1,172,681	1,363,921	191,239	14.02%	987,436	(185,246)	-18.76%
Depreciation & Amortization	780,620	794,153	13,533	1.70%	758,943	(21,677)	-2.86%
TOTAL OPERATING EXPENSES	7,563,163	8,239,066	675,903	8.20%	6,533,107	(1,030,056)	-15.77%
OPERATING INCOME (LOSS)	(441,957)	239,407	(681,364)	-284.61%	(192,272)	(249,685)	-129.86%
NONOPERATING REVENUES (EXP):							
Interest Income-Investments	339,493	265,624	73,869	27.81%	418,522	(79,029)	-18.88%
Interest Income - City of Kerrville	17,143	17,142	1	0.01%	21,429	(4,286)	-20.00%
Interest Expense	(17,024)	(18,094)	1,070	5.91%	(19,206)	2,182	11.36%
City of Kerrville - General Fund Transfer	(226,985)	(262,409)	35,424	13.50%	(203,655)	(23,330)	-11.46%
City of Ingram - Franchise Fee	(5,405)	(6,000)	595	9.91%	(5,333)	(73)	-1.36%
Other - Net	99,080	2,500	96,580	3863.21%	(14,968)	114,048	761.95%
TOTAL NONOPERATING REVENUES (EXP)	206,301	(1,237)	207,538	16777.81%	196,788	9,513	4.83%
INCOME BEFORE CONTRIBUTIONS	(235,656)	238,170	(473,826)	-198.94%	4,517	(240,172)	-5317.67%
CAPITAL CONTRIBUTIONS	317,017	136,666	180,351	131.96%	166,825	150,192	90.03%
CHANGE IN NET POSITION	81,361	\$ 374,836	\$ (293,475)	-78.29%	\$ 171,342	\$ (89,981)	-52.52%
NET POSITION AT BEGINNING OF YEAR	80,980,256				\$ 80,395,514		
NET POSITION AT END OF MONTH	81,061,617				\$ 80,566,856		

Kerrville Public Utility Board  
Balance Sheet  
As of Nov 30, 2025

ASSETS & DEFERRED OUTFLOWS	Nov 30, 2025	Sep 30, 2025	LIABILITIES, DEFERRED INFLOWS & NET POSITION	Nov 30, 2025	Sep 30, 2025
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Revenue Fund:			Current Portion - Bonds Payable	\$ 481,000	\$ 464,000
Cash and Cash Equivalents	\$ 542,314	\$ 1,230,495	Current Portion - Leases Payable	16,353.68	16,353.68
Investments	34,311,232	32,577,205	Current Portion - Subscriptions Payable	320,853.16	320,853.16
Less: Customer Deposits	(518,685)	(535,058)	Current Portion - Compensated Absences	634,686	601,732
Total Revenue Fund	34,334,861	33,272,642	Current Portion - Total OPEB Liability	9,368	9,368
Construction Fund:			Accounts Payable - Net Purchased Power	10,364,691	10,045,827
Cash and Cash Equivalents	5,970	5,931	Accounts Payable and Accrued Liabilities	1,331,803	1,239,232
Investments	1,698,142	1,686,519	Power Cost Adjustment - Over Collected	23,138,228	22,264,314
Total Construction Fund	1,704,111	1,692,450	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 36,296,982</b>	<b>\$ 34,961,680</b>
Rate Stabilization Fund:			<b>NONCURRENT LIABILITIES</b>		
Investments	2,234,749	2,219,454	Noncurrent - Bonds Payable	\$ 1,020,000	\$ 1,501,000
Total Rate Stabilization Fund	2,234,749	2,219,454	Noncurrent - Leases Payable	29,025	31,688
Long Term Rate Stabilization Fund:			Noncurrent - Subscriptions Payable	276,393	427,289
Investments	5,227,985	5,192,203	Customer Deposits	518,685	535,058
Total Long Term Rate Stabilization Fund	5,227,985	5,192,203	Noncurrent - Compensated Absences	112,541	112,541
Customer Accounts Receivable, net of allowance	2,262,700	1,867,586	Net Pension Liability	1,935,595	1,935,595
Receivable from KPFC	2,500	2,500	Noncurrent - Total OPEB Liability	271,320	271,320
Unbilled Revenue	2,206,613	2,206,613	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,163,559</b>	<b>\$ 4,814,491</b>
Materials and Supplies	2,638,512	2,576,593			
Deposits with Other Entities	1,453,945	1,445,958	<b>DEFERRED INFLOWS - PENSION AND OPEB</b>	<b>\$ 129,278</b>	<b>\$ 129,278</b>
Other Current Assets	34,286	17,143			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428	<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 40,589,819</b>	<b>\$ 39,905,449</b>
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 53,171,690</b>	<b>\$ 51,564,571</b>			
<b>NONCURRENT ASSETS</b>			<b>TOTAL NET POSITION</b>	<b>\$ 81,061,617</b>	<b>\$ 80,980,256</b>
Customer Deposits	\$ 518,685	\$ 535,058			
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000			
Interest and Sinking Fund	44,993	456,650			
Emergency, Repair, Replace, Contingency Fund	4,178,487	4,149,888			
Noncurrent Advance to City of Kerrville	3,214,287	3,214,287			
Capital Assets, net of Accum Depreciation	53,525,134	53,895,811			
Right to Use Assets, Net of Accum Amortization	42,241	44,967			
Subscription Assets, Net of Accum Amortization	871,091	939,646			
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 67,644,918</b>	<b>\$ 68,486,307</b>			
<b>DEFERRED OUTFLOWS - PENSION AND OPEB</b>	<b>\$ 834,828</b>	<b>\$ 834,828</b>			
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 121,651,436</b>	<b>\$ 120,885,706</b>	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$ 121,651,436</b>	<b>\$ 120,885,706</b>



Kerrville Public Utility Board  
Invested Funds Detail  
For the Month Ended November 30, 2025

		Restricted							
	Date	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
Beginning Fund Balance		\$ 34,814,907	\$ 1,692,511	\$ 2,227,339	\$ 5,210,649	\$ -	\$ -	\$ 4,164,631	\$ 48,110,036
Withdrawals:									
Happy Investment - LCRA	11/03/25	(700,256)							(700,256)
Happy Investment - TXHB	11/03/25	(99,120)							(99,120)
Happy Investment - TMRS	11/10/25	(106,593)							(106,593)
Happy Investment - Concho Bluff	11/20/25	(88,622)							(88,622)
Happy Investment - CPS	11/20/25	(848,755)							(848,755)
Happy Investment - NextEra	11/20/25	(485,088)							(485,088)
Happy Investment - DG Solar	11/26/25	(49,477)							(49,477)
Investments:									
Happy State Bank	11/07/25	600,000							600,000
Happy State Bank	11/14/25	285,000							285,000
Happy State Bank	11/21/25	450,000							450,000
Happy State Bank	11/26/25	470,000							470,000
Fund Balance after Withdrawals & Investments		34,241,995	1,692,511	2,227,339	5,210,649	-	-	4,164,631	47,537,124
Allocation of:									
Interest Income	11/30/25	114,226	5,631	7,410	17,336	-	5	13,856	158,464
Total Interest Allocation		114,226	5,631	7,410	17,336	-	5	13,856	158,464
Fund Balance After Allocations		34,356,221	1,698,142	2,234,749	5,227,985	-	5	4,178,487	47,695,588
Interfund Transfers :									
Debt Service Accrual	11/30/25	(44,988)					44,988		-
Ending Fund Balance		\$ 34,311,232	\$ 1,698,142	\$ 2,234,749	\$ 5,227,985	\$ -	\$ 44,993	\$ 4,178,487	\$ 47,695,588

Kerrville Public Utility Board  
Debt Ratios  
For the Month Ended November 30, 2025

**DEBT SERVICE COVERAGE RATIO:**

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 209,470	\$ 81,361	\$ 494,761
PLUS:			
Interest Expense (net of amortizations)	8,648	17,024	106,125
Depreciation & Amortization Expense	390,828	780,620	4,594,549
Numerator	608,946	879,005	5,195,435
DIVIDED BY:			
Interest Expense (net of amortizations)	8,648	17,024	106,125
Principal Payment Due	68,184	136,368	818,207
Denominator	\$ 76,832	\$ 153,392	\$ 924,331
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>7.93</b>	<b>5.73</b>	<b>5.62</b>
Minimum Requirement per Bond Covenant		1.35	times Debt Service

**DAYS CASH ON HAND (AS OF MONTH END):**

NUMERATOR (INCLUDES CASH AND INVESTMENTS):

Revenue Fund	\$ 34,334,861
Construction Fund	1,704,111
Rate Stabilization Fund	2,234,749
Long Term Rate Stabilization Fund	5,227,985
Emergency, Repair, Replace, Contingency Fund	4,178,487
Total Cash and Cash Equivalents (A)	\$ 47,680,193

DENOMINATOR:

Fiscal Year-to-Date Operating Expense	\$ 7,563,163
Less: Fiscal Year-to-Date Depreciation	780,620
Adjusted Operating Expense (B)	\$ 6,782,543

NUMBER OF DAYS ELAPSED IN FISCAL YEAR (C) 61

**DAYS CASH ON HAND (= A / B \* C) 429**

**MINIMUM DAYS CASH ON HAND PER POLICY 47 175**

**FIXED CHARGE COVERAGE RATIO (FISCAL YEAR-TO-DATE):**

NUMERATOR:

Fiscal Year-to-Date Operating Income	\$ (441,957)
Less: City of Kerrville and Ingram Transfers	(232,390)
Plus: 50% of PPA Expense	1,594,204
Plus: Fiscal Year-to-Date Depreciation	780,620
Plus: Fiscal Year-to-Date Interest Income - Investments	339,493
Plus: Fiscal Year-to-Date Capital Contributions	317,017
Total Numerator (D)	\$ 2,356,986

DENOMINATOR:

50% of PPA Expense	\$ 1,594,204
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator (E)	\$ 927,926

**FIXED CHARGE COVERAGE RATIO (= D / E) 2.5**

**MINIMUM FIXED COST COVERAGE PER POLICY 47 1.2**

Kerrville Public Utility Board Public Facility Corporation  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2025  
(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:							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL OPERATING REVENUES	-	-	-	-	-	-	-
OPERATING EXPENSES:							
Administrative Expenses	-	4,167	4,167	100.00%	-	-	-
TOTAL OPERATING EXPENSES	-	4,167	4,167	100.00%	-	-	-
OPERATING INCOME (LOSS)	-	(4,167)	4,167	100.00%	-	-	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	145,223	75,272	69,951	92.93%	-	145,223	
Interest Expense	(328,009)	(319,098)	(8,911)	-2.79%	-	(328,009)	
Allowance for Borrowed Funds during Construction	327,764	318,848	8,916	2.80%	-	327,764	
Amortization - Debt Premium	13,693	13,693	0	0.00%	-	13,693	
TOTAL NONOPERATING REVENUES (EXP)	158,671	88,716	69,956	78.85%	-	158,671	
INCOME BEFORE CONTRIBUTIONS	158,671	84,549	74,123	87.67%	-	158,671	
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 158,671	\$ 84,549	\$ 74,123	87.67%	\$ -	\$ 158,671	
NET POSITION AT BEGINNING OF MONTH	\$ (726,235)				\$ -		
NET POSITION AT END OF MONTH	\$ (567,564)				\$ -		

Kerrville Public Utility Board Public Facility Corporation  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2025  
(Unaudited)

	Year to Date	Comparison to Budget			Year to Date Last Year	Comparison to Last Year	
		Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance		Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -		\$ -	\$ -	-
TOTAL OPERATING REVENUES	-	-	-		-	-	-
OPERATING EXPENSES:							
Administrative Expenses	-	8,333	8,333	100.00%	\$ -	-	-
TOTAL OPERATING EXPENSES	-	8,333	8,333	100.00%	-	-	-
OPERATING INCOME (LOSS)	-	(8,333)	8,333	100.00%	-	-	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	145,232	154,613	(9,381)	-6.07%	-	145,232	-
Interest Expense	(655,920)	(655,910)	(10)	0.00%	-	(655,920)	-
Allowance for Borrowed Funds during Construction	655,420	655,410	10	0.00%	-	655,420	-
Amortization - Debt Premium	27,387	27,387	0	0.00%	-	27,387	-
TOTAL NONOPERATING REVENUES (EXP)	172,118	181,499	(9,381)	-5.17%	-	172,118	-
INCOME BEFORE CONTRIBUTIONS	172,118	173,166	(1,048)	-0.61%	-	172,118	-
CAPITAL CONTRIBUTIONS	-	-	-	-	\$ -	-	-
CHANGE IN NET POSITION	\$ 172,118	\$ 173,166	\$ (1,048)	-0.61%	\$ -	\$ 172,118	-
NET POSITION AT BEGINNING OF YEAR	\$ (739,682)				\$ -		
NET POSITION AT END OF YEAR	\$ (567,564)				\$ -		

Kerrville Public Utility Board Public Facility Corporation  
Balance Sheet  
As of November 30, 2025

ASSETS	Nov 30, 2025	Sep 30, 2025	LIABILITIES & NET POSITION	Nov 30, 2025	Sep 30, 2025
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Revenue Fund:			Accrued Interest - 2025A	\$ 499,283	\$ 853,548
Cash and Cash Equivalents	\$ 2,534	\$ 2,517	Accounts Payable	2,500	1,109,510
Total Revenue Fund	2,534	2,517	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 501,783</b>	<b>\$ 1,963,058</b>
Construction Fund:					
Cash and Cash Equivalents	34,205,257	37,531,419	<b>NONCURRENT LIABILITIES</b>		
Total Construction Fund	34,205,257	37,531,419	Accrued Interest - 2025B	1,174	674
Capitalized Interest Fund:			Bonds Payable	74,495,000	74,495,000
Cash and Cash Equivalents	5,824,219	6,789,445	Bond Premium	3,519,194	3,546,580
Total Capitalized Interest Fund	5,824,219	6,789,445	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 78,015,367</b>	<b>\$ 78,042,254</b>
Interest and Sinking Fund:					
Cash and Cash Equivalents	1,026	1,019	<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 78,517,150</b>	<b>\$ 80,005,312</b>
Total Interest and Sinking Fund	1,026	1,019			
Accrued Interest Receivable	-	151,472	<b>TOTAL NET POSITION</b>	<b>\$ (567,564)</b>	<b>\$ (739,682)</b>
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 40,033,035</b>	<b>\$ 44,475,872</b>			
<b>NONCURRENT ASSETS</b>					
Capital Assets, Nondepreciable	37,916,552	34,789,758			
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 37,916,552</b>	<b>\$ 34,789,758</b>			
<b>TOTAL ASSETS</b>	<b>\$ 77,949,587</b>	<b>\$ 79,265,630</b>	<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 77,949,587</b>	<b>\$ 79,265,630</b>