

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, FEBRUARY 11, 2026, AT 2:00 P.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
Robby McCutcheon, Director of Technology
(via teleconference)
Larry Lee, Director of Operations
Howard Hall, Field Services Supervisor
Erin Callan, Accounting Manager
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
E. Brad Mantz
Jim Hart

CALL TO ORDER:

Mr. Bill Thomas, Chairman and President, called the Regular Monthly Meetings to order at 2:00 p.m.

1. CITIZEN/CONSUMER OPEN FORUM:

Mr. E. Brad Mantz and Mr. Jim Hart introduced themselves to the Board as applicants for Board Position 3.

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted employee anniversaries for the month of February with a combined service of 107 years. Upcoming volunteer activities include a Food Pantry on February 23rd and LCRA Steps Forward Day (a joint volunteer project with the City of Kerrville and LCRA) on April 10th. She also highlighted Smart Energy Provider Week by noting that our Key Account and Energy Education Specialist, DJ Owens received the APPA Smart Energy Program Award. KPUB will be sponsoring a Community Blood Drive on March 5th, and a Lunch and Learn Power Hour on March 27th. Ms. Bueché also highlighted upcoming school events from January through May. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, March 25, 2026, at 8:30 a.m. (one week later than usual)*
- *Wednesday, April 15, 2026, at 8:30 a.m.*
- *Wednesday, May 20, 2026, at 8:30 a.m.*

3. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION (KPUB and KPFC):

I. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage
 - (1) Discussion and Possible Action on Hedging Activities, ERCOT Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO
- 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

III. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:

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

- A. Annual Performance Appraisal for Michael Wittler, General Manager and CEO
- B. Duties and Compensation Benefits for the General Manager and CEO, and the Assistant General Manager
- C. The nomination of three (3) candidates to the City Council of the City of Kerrville for appointment to Board of Trustees Position Number Three.
 - (1) **Exhibit A** – Applicants for Board Position No. 3 – 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, “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Personnel Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Larry Howard, Treasurer for KPUB so moved. Glenn Andrew, Vice Chairman, seconded the motion. Vote was by show of hands. Motion carried 5 – 0. Mr. Howard for KPFC so moved. Mr. Andrew seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Boards entered Executive Closed Session at 2:11 p.m. *At 3:45 p.m. the Boards took a break, coming back into session at 3:54 p.m.* At 4:53 p.m. Chairman and President Thomas adjourned the Executive Closed Session and reconvened into Open Session.

4. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS (KPUB and KPFC):

- III. A. Annual Performance Appraisal for Michael Wittler.
- B. Duties and Compensation Benefits.

Mr. Howard moved to increase Mr. Wittler’s salary by 3%, effective January 1, 2026, as well as to make a payment to Mr. Wittler’s Deferred Compensation Account and Ms. Dozier’s Deferred Compensation Account in the amount of 15% of their respective base salary in effect for last year. The Board requested further review and update of the 2026 Goals for the Deferred Compensation Plan to be brought back at the next board meeting. Mr. Andrew seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

- C. Board Position No. 3 Nominations.

Rachel Johnston, Secretary, made a motion for KPUB and KPFC to nominate Mr. Brian Cody, Mr. E. Brad Mantz, and Mr. David Sprouse to City Council to consider for the upcoming Board position vacancy. Mr. Andrew seconded the motion. Vote was by a show of hands. Motion carried 5 - 0.

5. CONSENT AGENDA:

Mr. Howard made a motion for KPUB and KPFC to accept items on 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.

- 5B. RESOLUTION NO. 26-03 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies.
- 5C. DECEMBER, 2025 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the December, 2025, Quarterly Funds Report as presented to the Investment Committee following the January 21, 2026, Board Meeting.

END OF CONSENT AGENDA

6. DISCUSSION AND ACTION ON APPOINTMENTS TO SCHOLARSHIP COMMITTEE – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

Ms. Bueché advised KPUB is currently accepting applications for the 2026 scholarship program for both undergraduate students and trade/technical students. Following discussion at last month’s Board meeting, staff met with Board Members Larry Howard and Rachel Johnston to review and refine the scholarship scoring methodology for the judges. Ms. Bueché advised the review focused on ensuring the scoring process continues to align with the Board’s original intent, particularly in light of changes to federal financial aid reporting and evolving economic conditions. As a result of the review, revisions made to the judges’ scoring form included: the Student Aid Index (SAI) ranges used to evaluate economic need were revised to more accurately reflect point allocations for applicants from middle-income households; a new category was added allowing up to five (5) points based on how effectively an applicant responds to how they are presently planning to finance their higher education; the maximum points awarded for academic achievement were reduced from 35 points to 20 points; points allocated to the response for why the applicant should receive the scholarship were increased to emphasize clarity of purpose, motivation and individual circumstances; and the scoring categories for participation in school-related organizations and demonstrated community involvement were combined into a single section. In addition, paid employment may be considered equivalent involvement when evaluating an applicant’s commitments and responsibilities. Ms. Bueché had provided the judges’ scoring form for the Board’s reference, along with the prior version for comparison.

As per the scholarship program guidelines, a selection committee appointed by the KPUB Board of Trustees is responsible for reviewing applications and selecting scholarship recipients and an alternate. Historically, the committee has included a KPUB Board Member, a representative from the Kerrville Independent School District (KISD), and a representative from Ingram Independent School District (ISD). Mr. Howard made a motion to approve the revised scoring sheets and appoint Glenn Andrew to the scholarship selection committee. Ms. Johnson seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

7. FINANCIAL REPORT – AMY DOZIER, ASSISTANT GENERAL MANAGER:

Ms. Dozier presented the final financial statements for the month ending January 31, 2026. Highlights for KPUB included a \$615K increase in net position; \$14.2M in operating revenue; \$408K in rate stabilization transfer; \$14.4M in operating expense; \$195K in operating loss; \$317K in nonoperating income; the largest FEMA Public Assistance Grant project (\$1.5M in expenses, with 75% reimbursement of \$1.1M) has been moved to “obligated” status; \$23.6M in over collection of power cost adjustment as of January 31, 2026; and \$49.6M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned an annualized blended rate of 3.81% in January. Highlights for KPFC included \$42.1M in generation projects costs, including capitalized interest, shown as Capital Assets as of January 31, 2026; \$30.9M balance in the Construction Fund as of January 31, 2026,

representing unspent proceeds from the 2025A (open market) bond issuance. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

8. CONSIDERATION AND ACTION ON RESOLUTION NO. 26-04, REVISION OF BOARD POLICY #32, VACATIONS, HOLIDAYS AND ABSENCES – ANNETTE GONZALES, DIRECTOR OF HUMAN RESOURCES:

Ms. Gonzales presented for the Board’s consideration and approval proposed updates to KPUB’s holiday schedule and employee leave policies. She advised the updates are intended to better align KPUB with the City of Kerrville, Kerr County, and surrounding utility organizations, while also ensuring consistency with current federal guidelines and workforce best practices. Ms. Gonzales advised the Board last approved changes to KPUB’s holiday schedule on September 23, 2010, when Christmas Eve and one floating holiday were added, bringing the total number of holidays observed to ten (10). On March 17, 2021, the Board reviewed and approved the addition of the Leave Donation Program; however, no changes were made to the holiday schedule at that time. Since the 2010 review, the holiday schedule has remained unchanged. Ms. Gonzales advised that management recommended additions to the KPUB observed holiday schedule by adding two observed holidays, Martin Luther King Jr. Day and Columbus Day; and adding two floating holidays. If approved, these changes would increase the total number of KPUB holidays to fourteen (14) and more closely align with the City, County and other utility companies. She added that this alignment supports consistency among local public service organizations and promotes employee morale, job satisfaction, and long-term retention.

Ms. Gonzales went over the proposed leave policy updates recommended by Management. First, under the Sick Leave policy was to expand allowable use of sick leave to include care for immediate family members; this update reflects standard public-sector practices and provides employees with needed flexibility during family medical situations. Second, under the Parental Leave Policy was to update the current Maternity Leave policy to a gender-neutral Parental Leave policy, which aligns with the Family and Medical Leave Act (FMLA) guidelines to ensure compliance with federal standards and support inclusive leave practices. After discussion by the Board, Mr. Andrew motioned for approval of Resolution No. 26–04. Mr. Howard seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

9. CONSIDERATION AND ACTION ON KPUB RESOLUTION NO. 26-05 AND KPFC RESOLUTION NO. 26-02, APPROVAL OF NEW BOARD POLICY #13, USE AND FUNDING OF POLICY ADVOCATES – MIKE WITTLER, CEO:

Mr. Wittler presented KPUB Resolution No. 26-05, Board Policy #13 Use and Funding of Policy Advocates; and KPFC Resolution No. 26-02, Board Policy #60 Use and Funding of Policy Advocates. Mr. Howard made a motion for KPUB to approve Resolution No. 26-02. Ms. Johnson seconded the motion. Vote was by a show of hands. Motion carried 5 – 0. Mr. Howard made a motion for KPFC to approve Resolution No. 26-05. Ms. Johnson seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

10. ADJOURNMENT

Chairman and President Thomas adjourned the Regular Board Meetings at 5:21 p.m.

Date Approved: _____

Bill Thomas, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

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

From: Erin Callan

Date: March 19, 2026

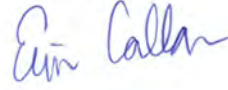
Re: Agenda Item No. 5B – Resolution No. 26-06

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 February 6, 2026 and March 19, 2026 for Board approval:

Vendor	Description	Amount	Date	
Purchased Power:				
1	ERCOT	CRR Auction	\$ 64,616.90	02/09/2026
2	Concho Bluff	January 2026	68,274.81	02/13/2026
3	CPS	January 2026	2,405,364.77	02/19/2026
4	NextEra	January 2026	485,088.00	02/20/2026
5	DG Solar	January 2026	34,333.76	02/27/2026
6	Engie	January 2026	58,716.54	03/05/2026
7	LCRA	January 2026	683,470.14	03/06/2026
Payroll:				
1	Payroll	Pay period ending 02/07/2026	172,311.69	02/13/2026
2	Payroll	Pay period ending 02/21/2026	173,642.87	02/27/2026
3	Payroll	Pay period ending 03/07/2026	172,926.43	03/13/2026
4	Payroll Taxes	Pay period ending 02/07/2026	60,031.78	02/18/2026
5	Payroll Taxes	Pay period ending 02/21/2026	61,127.32	03/04/2026
6	Payroll Taxes	Pay period ending 03/07/2026	60,513.72	03/18/2026
Employee Benefits:				
1	TX Health Benefits	Health Insurance -March	100,456.62	03/02/2026
2	TMRS	Pension - February Payroll	104,186.59	03/03/2026
Investment Transfers:				
1	Happy State Bank	Investment Transfer	575,000.00	02/06/2026
2	Happy State Bank	Investment Transfer	650,000.00	02/13/2026
3	Happy State Bank	Investment Transfer	1,000,000.00	02/20/2026
4	Happy State Bank	Investment Transfer	1,200,000.00	02/27/2026
5	Happy State Bank	Investment Transfer	875,000.00	03/06/2026
6	Happy State Bank	Investment Transfer	900,000.00	03/13/2026

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

Sincerely,

A handwritten signature in blue ink that reads "Erin Callan". The signature is written in a cursive style with a large initial "E".

Erin Callan
Accounting Manager

RESOLUTION NO. 26-06

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 25th day of March, 2026

Bill Thomas, Chairman

ATTEST:

Rachel Johnston, Secretary

MEMORANDUM

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

From: Tony Perez

Date: March 25, 2026

Re: Agenda Item No. 6 – Update on Texas Middle Mile Grant and Approval of Engineering Contract for KPUB Scope of Work

KPUB was awarded a grant under the Texas Middle Mile grant program to install communications infrastructure to improve the flood monitoring systems along the Guadalupe River. This grant was awarded to KPUB in partnership with the Lower Colorado River Authority (LCRA) and the Upper Guadalupe River Authority (UGRA). LCRA has been designated as a subgrantee to build out a private LTE network to provide wireless communication infrastructure to serve UGRA's distributed rain gauge, stream flow, and other flood monitoring devices. KPUB's portion of the project involves installing approximately eleven miles of new fiber segments to expand its existing fiber network, linking two LCRA towers and extending fiber to critical infrastructure locations. The current project status is summarized below.

- KPUB was formally awarded a grant for \$14,748,487 on March 5, 2026, under the Texas Middle Mile grant program.
- KPUB portion of this grant is \$1,449,498 for specific fiber extensions required for the project.
- LCRA portion of this grant as a subgrantee is \$13,299,989 for towers, microwave equipment, LTE network equipment, and long-term leases for non-KPUB fiber facilities and leases for tower space.
- Target completion for KPUB's fiber extensions is December 31, 2026.

KPUB has begun working with JSI Engineering to prepare a detailed scope of work for the fiber extensions under this project. JSI's initial cost estimate for this work is \$103,232, however, this engineering scope of work is still preliminary as of the date of this memo. Staff requests board authorization to contract with JSI Engineering for design of KPUB's fiber extensions under this project, with an approval level of up to \$125,000.

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

Thank you,



Tony Perez
Director of Engineering



Your business
is our business.

6129 79th Street
Lubbock-, Texas 79424
phone: 806-866-9900
www.isitel.com

March 13, 2026

Tony Perez
Director of Engineering
Kerrville Public Utility Board
2250 Memorial Blvd
Kerrville, TX
tperez@kpub.com

Dear Mr. Perez,

JSI is one of the most respected names in broadband with services offered to over 200 clients with expertise in:

- Outside Plant Fiber Network and Design and Project Management and Implementation,
- Inside Plant Broadband IP Network Engineering,
- Managed Services including Network Monitoring and Cyber Security
- Consulting and Business Services including Regulatory Compliance and Cost Accounting

This letter, when properly signed, will constitute a Statement of Work (SoW) that falls under the Master Services Agreement ("Agreement") entered into on **March xx, 2026** between JSI Engineering, LLC ("JSI") and Kerrville Public Utility Board ("Company").

I. PURPOSE & SCOPE

JSI is pleased to provide this Statement of Work to assist Kerrville Public Utility Board (KPUB) with engineering design and implementation services related to KPUB's fiber project. Based on the information provided by KPUB, this project consists of building multiple middle-mile fiber backbone segments in and around the town of Kerrville, TX. The proposed project will require approximately 10 miles of aerial fiber construction and 1 mile of buried construction (placing fiber cable in existing duct). This fiber design will be a middle-mile architecture providing connectivity to support KPUB's middle-mile grant award from the Texas Broadband Development Office (BDO).

Within this Scope of Work, JSI is proposing to provide assistance related to preparing detailed FTTP designs, coordinating the process of obtaining construction permits, performing pole loading analysis as necessary, contract management, and construction management/inspection services as discussed below.

A. OSP DESIGN:

JSI will utilize the existing high level designed routes provided by KPUB to perform the on-site rideout of the areas to identify specific construction needs to better define the units needed to finalize the Detail Design. The Detail Design requires a significant amount of engineering effort to take the preliminary routes and break down the details to produce the type of documentation for the design to be constructed. The on-site rideout will evaluate route selection, pedestal & handhole locations, existing pole locations and finalize the design layout in order to complete detailed Staking Sheets by completing a field verification.

The Detail Design will true-up a list and quantity of construction units that will be used to finalize the contract units. Traditional construction sheets consist of a drawing of the route in sections with all accountable units for construction identified. Those units are summarized, or tabbed, into a table on each

construction sheet. Each unit table is collected into an Excel spreadsheet for easy tabulation and for use during construction for as-built tabulations. The construction sheets will include unit tabs, routes, splice locations, fiber assignments, establishment locations, etc.

B. OSP PERMITTING:

Basic permitting services are provided under this scope to obtain necessary Rights of Way (ROW) through public utility easement procedures of City, TXDOT, and the US Army Corps of Engineers permitting agencies. Special permit assistance may be necessary for specific railroad crossings and pipeline crossings. These services will include the necessary documents and drawings to submit applications for permits.

Any special fees required by the permitting agents will be paid by the Company directly in addition to the engineering fees.

C. POLE LOADING ANALYSIS (PLA):

JSI will field collect data on approximately 270 existing power poles (estimated using 200 ft spans over 10 miles of construction routes) along the proposed routes, annotate these poles, and prepare Ocalc pole loading analysis (PLAs) for the existing loading and proposed loading with new proposed attachments. A summary of potential make-ready issues will be provided to KPUB for review and construction, as necessary. Reports of the loading analysis will be provided in PDF format and a summary of any identified make-ready issues will be provided in a spreadsheet format.

D. OSP CONTRACT ADMINISTRATION:

JSI is experienced in preparing plans & specifications for OSP construction projects based on the units prepared in the Detail Design for the purpose of providing bid documents to prospective contractors or for negotiation purposes. JSI recommends preparing the contract between Owner and designated contractor(s) utilizing a USDA RUS 515 Contract, as publicly available through the USDA. The USDA contract documents provide specific instructions to the contractor of how the project is to be built to meet the expectations of the Owner.

Deliverables:

1. Plans & Specifications
2. Contract Documents to be Administered by the Engineer
3. Construction Drawings

E. OSP CONSTRUCTION MANAGEMENT & INSPECTION:

JSI will provide construction management and inspection services to provide reasonable review of construction, as desired by the Owner. JSI field personnel are experienced in standard unit-based construction methods, keeping records of units placed for billing and as-built documentation purposes, and tracking progress schedules on a weekly basis. Services include on-site inspection of mainline construction and drop duct construction for compliance with design and specifications for cable placements, depths/heights and footages, cable handling, splice locations, permit compliance, and coordination between the contractor and the representatives of the Incorporated Areas where the work is being performed. Documentation will include restoration summary, damage reporting, and identify any possible dangerous/hazardous conditions, notwithstanding the contractor's responsibility and obligation

for the safety of its workers and job site. It is not intended that inspection personnel are at all locations at all times, but are present for compliance verification. Some locations may be “spot” verified. Contractor is responsible to meet specifications as agreed to in the contract between the Owner and the Contractor, and JSI’s services to the Owner shall not be assigned or construed to give any rights or benefits to the Contractor.

Cost projections in Section II below are based on one Resident/Inspector for the duration of construction, CAD Operators as needed, and a Project Manager providing office support for reporting, Construction Units Placed (CUP) preparations and payment recommendations. Estimated costs include per diem and mileage. Hours are based on an average construction rate and allowable construction timeline accounting for weather related shutdowns. Adjustments in personnel or the schedule would alter the costs for this item.

Deliverables:

1. Weekly OSP Construction Progress Reports
2. Bi-weekly CUP sheets to coincide with scheduled invoicing.
3. Contractor Invoice Payment Recommendations

F. ENGINEERING SUPPORT FOR COMPLIANCE REPORTING & AS-BUILTS

JSI will provide engineering support for Professional Engineering (PE) certification of completion of network segments as related to required milestone reporting. JSI will also provide final construction as-builts in a GIS shapefile format for the Owner’s use in importing into their mapping system and reporting to State BDO.

II. FEES; EXPENSES; BILLING

JSI proposes assisting the Company with the Statement of Work outlined in the above Sections based on a Master Services Agreement (MSA) utilizing rates summarized in Table 1 below. The MSA SoW contract value to complete the scope is submitted as:

Service Description by Section	Measure	Rate	Estimated Cost
A. OSP Design, Field Staking, Construction Ready Documents (11 miles)	Foot	\$0.33	\$19,166.40
B. OSP Permitting (estimate 15 permits – 1 City, 2 Corps of Engineers, 12 TXDOT)	Permit	\$500	\$7,500
C. Pole Loading Analysis @ Fixed Fee (\$100/pole, 3approximately 270 poles)	Pole	\$100	\$27,000
D. Contract Administration	Contract	\$8,000	\$8,000
E. OSP Construction Management (Estimated for 30 day construction period/1.5 months). Daily Rate for Field Resource beyond 30 days would be \$1,100/day.	Monthly	\$25,000	\$37,500
F. Engineering Support for Project Compliance & As-Builts (11 miles)	Foot	\$0.07	\$4,065.60
Estimated Total:			\$103,232.00

Table 1: Estimated Project Costs

Any work requested by KPUB outside of this Statement of Work will be documented in a Change of Scope form. Changes in the Statement of Work will be coordinated between JSI and KPUB and will continue to be charged at rates identified in this Statement of Work.

Fees will be billed directly to the Company monthly upon task completion, based upon the rates reflected in Table 1. Payment terms are outlined in section 4 of the MSA and apply to this SoW.

We look forward to working with you on this Engagement. If the foregoing terms are acceptable to you, we request that you sign below as indicated. Please let us know if you have any questions.

Sincerely,

Brian Lindsey

Brian Lindsey, PE
Vice President of Engineering
JSI Engineering LLC

The foregoing agreement has been read, understood, and approved, and the undersigned agrees to retain JSI upon the terms and provisions contained herein.

Dated: _____

Tony Perez
Director of Engineering
Kerrville Public Utility Board
2250 Memorial Blvd
Kerrville, TX
tperez@kpub.com

Signed: _____

Name: _____

Title: _____



Master Services Agreement

This Master Services Agreement (this “Agreement”), effective as of the 25th day of March, 2026 (the “Effective Date”), is by and between

- 1) JSI Engineering, LLC, a Delaware Limited Liability Company with its headquarters located at 6404 Ivy Lane, Suite 700, Greenbelt, MD 20770 (“JSI”); and,
- 2) Kerrville Public Utility Board, a Texas municipality with offices located at 2250 Memorial Blvd.; Kerrville, TX, 78028 (“Customer”).

JSI and Customer may be referred to herein collectively as the “Parties” or individually as a “Party.”

WHEREAS, JSI is a full-service consulting and broadband solutions provider, supplying financial, engineering, management, operational, regulatory, and strategic assistance (“Services”) to communications service providers. JSI has the requisite expertise and experience in rendering the Services, and desires to offer the Services to Customer; and

WHEREAS, Customer is a municipal electric utility with telecommunications facilities, and desires JSI to provide such Services, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, the Parties agree as follows:

1. Term

The term of this Agreement begins on the Effective Date and shall continue for a period of three (3) years (“Initial Term”) unless terminated by either Party according to the terms in this Agreement. Customer may renew this Agreement for additional one year terms by providing written notice to JSI thirty (30) days prior to the end of the then current term of its intent to renew.

2. Statement of Work

- a. *Work will only be performed under a written Statement of Work.* If Customer desires to engage JSI to perform any Services under this Agreement for a specific project, and JSI desires to perform such Services for such project, JSI and Customer shall execute a Statement of Work (“SOW”) for each such project. Each SOW shall be in writing, dated, signed by both Parties and attached hereto in Schedule A, prior to the commencement of the Services detailed in the SOW. SOWs shall also include a statement defining all deliverables and their corresponding due dates (“Project Schedule”). Subsequent changes to any SOW shall be in writing, dated, signed by both Parties and attached hereto in Schedule B (“SOW Change Order”). An SOW Change Order shall not be effective until it is signed by both Parties.
- b. *Services to be performed in accordance with SOW, this Agreement, and industry standards.* JSI shall perform and furnish, or cause to be performed and furnished, the Services in accordance with the terms of the applicable SOW and this Agreement, and consistent with applicable industry accepted standards and all applicable federal, state, and local laws having jurisdiction over the Services.



3. Fees

- a. *Fees to be agreed to in a SOW.* The fees to be paid by Customer to JSI for Services furnished by JSI shall be the initial cost agreed in the SOW on either a time and expense basis, milestone payments, or flat fee, plus any variations pursuant to Sections 7 and 8 of this Agreement and reflected in an SOW Change Order (the "Fees"). Time and expense Fee estimates shall be calculated using an estimate of the costs associated with personnel, hours required, and other expenses to complete each task associated with the Services in the applicable SOW.
- b. *Fees may be adjusted to reflect changes in a SOW.* The Fee, as defined in Section 3(a), shall be paid by Customer to JSI for the performance of the Services and any products related to the SOW Services ("Products") in accordance with Section 4 hereof and shall be subject to additions or reductions in accordance with Sections 7 and 8 of this Agreement.
- c. *Payment of application fees and other administrative charges.* Each SOW shall identify the Party responsible for securing and paying for any applicable permits, authorizations, fees, charges, licenses, and inspections by government agencies necessary for the proper execution and completion of the Services ("Additional Fees"). Within forty-five (45) days after receipt of JSI's invoice and documentation substantiating the actual Additional Fees paid by JSI as agreed to by the Parties in any applicable SOW, Customer shall reimburse JSI for such Additional Fees.

4. Payment

- a. *Time and Expenses Projects.* Based upon monthly invoices for payment submitted by JSI as the Services progress, according to the applicable SOW, Customer shall make monthly payments in US dollars to JSI as provided below.
- b. *Unit Based Projects.* JSI shall invoice Customer for those Services completed, according to the applicable SOW, during any monthly interval. Claims for Products received but not yet incorporated into the work, according to the applicable SOW, shall be supported by documentation to establish the value and delivery of the Products.
- c. *Applicable to All Projects.* All payments shall be due and payable to JSI within thirty (30) days of the date of issuance of the invoice to Customer. If Customer fails to make any payment when due, without limiting JSI's other rights and remedies: (i) JSI may charge interest on the past due amount at the rate of 1.5% per month or, if lower, the highest rate permitted under applicable law; (ii) JSI may seek reimbursement from Customer for all reasonable actual costs incurred by JSI in collecting any late payments or interest; and (iii) if such failure continues for ten (10) days or more following JSI's notice of outstanding Fees, JSI may suspend the provision of its Services until such amounts are paid in full.
- d. *Final invoice and certificate of completion of the Services.* JSI shall, prior to the submission of the final invoice for any particular SOW for payment, submit a written notice to Customer requesting review and inspection of the Services, as applicable, to certify total completion of the Services. Within seven (7) working days after receiving JSI's written request for Customer review inspection of the Services, Customer shall notify JSI in writing of Customer's approval or the reasons for disapproval of the Services. Customer shall prepare a written list of items of the Services to be corrected and or completed that were apparent to Customer in the course of inspection and the assessment of the Services. If no response is received by JSI within the prescribed time period, JSI shall submit a final



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invoice with a certificate of total completion to Customer.

- e. *Weather impact on performance of Services.* If because of climatic or other conditions reasonably beyond the control of JSI there are items of the Services that cannot be performed, payment in full for the Services which have been performed shall not be withheld or delayed by Customer on account thereof, but Customer may withhold, until the remaining Services are finished, only such amounts as agreed to by Customer and JSI, in writing and signed by an authorized representative of each Party, sufficient and reasonable to cover the cost of performing such remaining Services.
- f. *Notice of total completion.* When Customer finds that total completion of the Services has been achieved or no response is received by JSI in the prescribed time period, JSI shall submit a final invoice with a notice of total completion of the Services to Customer. Customer shall execute the notice of total completion of the Services and certify for payment the remaining monies due to JSI under the SOW.
- g. Customer shall make payment to JSI for all remaining amounts due upon receipt of the final invoice for payment.

5. Taxes and Assessments

Each Party is responsible for paying any taxes applicable to that Party.

- a. *Taxes paid to be paid by JSI.* The Fees include, and JSI shall have the liability for the payment of, all taxes and assessments which may be imposed by any taxing authority on JSI including, without limitation, all gross receipts, sales, or other taxes levied with respect to labor, equipment, or materials furnished or Services performed by JSI; and taxes and assessments for unemployment insurance, benefits, social security, disability or other taxes which are in whole or in part measured by and/or based upon wages, salaries, or other remuneration paid to persons or entities employed by JSI on account of the Services under this Agreement.
- b. *Taxes to be paid by Customer.* Customer shall have the liability for payment all taxes and assessments which may be imposed by any taxing authority on Customer including, without limitation, all gross receipts, sales, or other taxes levied with respect to labor, equipment, or materials furnished or services performed by Customer according to the applicable SOW; taxes and assessments for unemployment insurance, benefits, social security, disability or other taxes which are in whole or in part measured by and/or based upon wages, salaries, or other remuneration paid to persons or entities employed by Customer according to the applicable SOW; and all taxes and assessments which may be imposed by any taxing authority upon Customer as the result of the Services or Products purchased from JSI.

6. Documents

The complete agreement between the Parties includes this Agreement, each SOW, and the Project Schedule. If there are conflicts between the documents, the terms of the applicable SOW take precedence.

- a. The “Contract Document” shall mean and include (i) this Agreement, including all Schedules annexed hereto and made a part hereof, (ii) each SOW duly authorized and executed by a representative of each



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Party annexed hereto and made a part hereof, (iii) each SOW Change Order duly authorized and executed by a representative of each Party pursuant to Section 8, applicable to the respective SOW referenced therein, (iv) the Project Schedule applicable to the respective SOW referenced therein to be initially prepared by JSI and submitted to Customer for its approval in accordance with the provisions of Section 10, and any government or Customer provided design standards, as applicable. It is agreed that the Contract Document contains the entire Agreement of the Parties.

- b. Words and abbreviations which have well-known technical or trade meanings, are used in the Contract Document in accordance with such recognized meanings.
- c. If any conflicts or ambiguities exist in or between the Contract Document, the following shall take precedence: (i) the applicable SOW (and any applicable SOW Change Order(s)), but only for the project as described in such SOW; and (ii) this Agreement.

7. Delays

The SOW schedule may be revised by agreement of the Parties in an SOW Change Order.

- a. *Schedule changes*, If JSI is delayed in the performance of the Services by an act or omission of Customer, or anyone employed or engaged by them directly or indirectly; by a stop of work order issued by a court or other public authority and providing that such order was not issued as the result of an act or inaction of JSI or anyone employed or engaged by JSI directly or indirectly; or weather delays as described in Section 4(e), then the schedule of the affected SOW shall be extended for such reasonable time as agreed upon by JSI and Customer in a written SOW Change Order and signed by an authorized representative of each Party, but in no case shall the extension of time be less than the time lost as the result of the event causing the delay, unless such shorter extension can be agreed to by JSI.
- b. *Force Majeure*. If JSI is delayed in the performance of the Services by a Force Majeure Event (as defined in Section 26), then the schedule of the affected SOW shall be extended for such reasonable time as agreed upon by JSI and Customer in a written SOW Change Order and signed by an authorized representative of each Party, but in no case shall the extension of time be less than the time lost as the result of the event causing the delay, unless such shorter extension be agreed upon by JSI.

8. Changes in the Work

Changes in work must be documented in a written SOW Change Order and may alter the Project Schedule and Services to be provided.

- a. *Proposed Service changes*. Subject to the agreement of the Parties, Customer may, without invalidating the Agreement or any SOW, propose changes in the Services and/or Products required with the Fee and schedule being adjusted accordingly by a written SOW Change Order signed by an authorized representative of each Party.
- b. *All SOW changes must be in writing*. JSI shall not perform any additions or alterations to the applicable SOW without a SOW Change Order signed by an authorized representative of each Party. When a change in the Services and/or Products is proposed or required, a written SOW Change Order signed by an authorized representative of each Party shall clearly define the additional or altered scope of Services or amount of Products. The value of change shall be determined in one or more of the



following methods: (i) by estimate and acceptance in a lump sum, (ii) by unit prices set out in the SOW or subsequently agreed upon, or (iii) by cost and a fixed or percentage fee. Any Fee change shall be agreed upon by both Parties in the written SOW Change Order.

- c. *JSI to draft SOW Change Order.* JSI shall present to Customer for approval the written SOW Change Order to be signed by an authorized representative of each Party including the change in Fees and change in Schedule, if any, with appropriate documentation. Customer shall satisfy itself as to the correctness of such change. The written SOW Change Order shall be effective only when approved by Customer and JSI and signed by an authorized representative of each Party, thereby amending the Fees and Project Schedule as appropriate. The value of Services and/or Products furnished in the SOW Change Order shall be included for payment with JSI's regular invoices for payment.

9. Customer's Obligations

Customer's obligations under this Agreement, include, but are not limited to, collaborating with JSI, supervising other contractors hired by Customer, and providing indemnification to JSI for any legal action relating to Customer's actions or omissions.

- a. *Duty to collaborate.* Customer and/or its designated representative shall furnish JSI in writing complete information regarding Customer's requirements for the Services. Customer shall designate a representative who shall have authority to furnish timely information, respond to questions, and requests for information. JSI shall be entitled to rely upon the accuracy and the completeness of such written information furnished by Customer or its designated representative and documented in an SOW or SOW Change Order.
- b. *Notice of defects.* Customer shall promptly give notice in writing to JSI of any known fault or defect in the Contract Document, the Services, or nonconformance with the requirements of the Agreement or SOW.
- c. *Supervise Customer's contractors.* Customer shall manage all third parties directly or indirectly hired by the Customer ("Customer Third Parties") for a project which is the subject of an SOW between the Parties.

10. JSI's Obligations

JSI's obligations under this Agreement, include, but are not limited to, supervising other contractors hired by JSI, program management, and monitoring construction.

- a. *Manage JSI employees.* JSI shall effectively direct and supervise anyone employed or engaged by JSI directly or indirectly providing the Services to ensure conformance with the Contract Document. JSI shall be solely responsible for the Services included under the applicable Contract Document.
- b. *Designate a representative.* JSI shall designate a representative who shall have authority to furnish timely information, respond to questions, and requests for information; approve SOWs and SOW Change Orders and shall notify Customer the Services in the applicable SOW are complete and ready for inspection. All instructions given by Customer to JSI must be in writing and are not effective until documented in a written SOW Change Order signed by an authorized representative of each Party.



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- c. *Program management.* The JSI project manager is responsible for program management, including timelines, financial updates, coordination of resources, scheduling changes, and project improvement recommendations.
- d. *Notice of defects.* JSI shall promptly give notice in writing to Customer of any known fault or defect in the Contract Document, the Services, or nonconformance with the requirements of the Agreement.
- e. *Monitor and report project status to Customer.* JSI shall prepare and update as needed, the written Project Schedule indicating the timing of the major activities of the Services. JSI shall monitor the progress of the Services relative to the schedule and advise Customer in writing of any revisions required as the result of delays as provided in Sections 7 and 8 indicating the results expected from the resultant change in schedule.
- f. *Manage JSI's contractors.* JSI shall manage all third parties directly or indirectly hired by JSI (including its subcontractors) ("JSI Third Parties") for a project subject to a SOW between the Parties. JSI shall (i) approve the JSI Third Parties budgets and expenses, (ii) enforce JSI Third Parties project timelines, (iii) take all necessary actions to ensure JSI Third Parties provide services in accordance with applicable laws, and industry and Customer standards, (iv) observe and report to Customer in a cadence agreed to by Customer and JSI the status of the project that is the subject of an SOW between the Parties, including if project is on schedule, quality and timeliness of Customer Third Parties work, quality and timeliness of JSI Third Parties work, and proposed changes to improve project progress. JSI onsite personnel may take notes, photographs, and video, as needed, to support the preparation of reports and meetings with the Customer, SOW Change Orders, and to execute JSI's responsibilities in the applicable SOW. Customer is not responsible for managing the JSI Third Parties.

11. Review and Inspection of the Work

JSI to provide notice and opportunity to Customer to review work prior to submitting a final invoice.

- a. If the Services are designated for review, inspection, or approval in the SOW, JSI shall give Customer advance written notice requesting such review, inspection, or approval. Inspection by Customer or by other authorities shall be made in a timely manner.
- b. The term "timely", for the purposes of this Agreement, shall be deemed to mean performed so as to allow JSI to continue with the Services without delay, and without a change in the Project Schedule.
- c. Each SOW, if applicable, shall designate the Party responsible for ordering and obtaining any tests, inspections, or approvals.

12. Warranty and Remedies

The Services provided by JSI will be performed in accordance with acceptable industry standards, this Agreement, and each SOW. Any defects or deficiencies in design documents will be corrected promptly at JSI's expense.

- a. *Warranty of Services.* JSI warrants for sixty (60) days from the date of total completion of the SOW for the work performed under this Agreement conforms to the Contract Document requirements and is free from defects in design or workmanship performed by JSI or any of its Third Parties. JSI further



warrants to Customer that the Services will be of good quality, performed in accordance with acceptable industry standards, and fit for the purposes intended. Work not conforming to these requirements may be considered defective or deficient.

- b. *Defects to be corrected promptly.* JSI agrees to correct promptly, at JSI's own expense, defects or deficiencies in Services performed under this Agreement which appear prior to and during the period of sixty (60) days (weather permitting) from the date of total completion of the Services with respect to a specific SOW. The making good of all defects or deficiencies shall be executed at such time as is mutually convenient to Customer and JSI.
- c. *No waiver of warranty.* Approval of the Services by Customer shall not release JSI from any obligations under the warranties set forth herein.

13. Representations and Warranties

The Parties represents to each other that it is a company in good standing, has the legal authority to enter into this Agreement, and will comply with all applicable laws.

Each Party represents and warrants to the other Party: (i) it is duly organized, validly existing, and in good standing as a corporation or other entity under the laws of the jurisdiction of its incorporation or other organization; (ii) it has the full right, power, and authority to enter into and perform its obligations under this Agreement; (iii) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action of such Party; and (iv) when executed and delivered by both Parties, the Contract Document will constitute the legal, valid, and binding obligation of each Party, enforceable against each Party in accordance with their terms.

14. Customer's Right to Terminate the Agreement and Remedies

Customer may terminate this Agreement due to JSI's bankruptcy or an uncured breach by JSI.

- a. *JSI bankruptcy.* If JSI should be adjudged bankrupt, make a general assignment for the benefit of creditors because of insolvency, or if a receiver is appointed because of insolvency, which appointment is not terminated within sixty (60) days, Customer may, without prejudice to any other right or remedy Customer may have, by giving JSI or receiver or trustee in bankruptcy, written notice terminating the Agreement.
- b. *Non-compliant Services.* If JSI should fail to provide the Services in material conformance with the requirements of the Agreement, or any applicable SOW, Customer shall notify JSI in writing that JSI is in default of its obligations and instruct JSI to take all necessary actions to correct the default in the fifteen (15) business days immediately following the receipt of such notice.
- c. *Uncured default.* If the default cannot be completely cured in the fifteen (15) business days specified, JSI shall be in compliance with the Contract Document if JSI (i) commences the correction of the default within the specified time, and (ii) provides Customer with a reasonable schedule for such correction, and (iii) completes the correction in accordance with such schedule.



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- d. *Termination notice after default.* If JSI fails to correct the default in the time specified or subsequently agreed upon, Customer without prejudice to any other right or remedy Customer may have, by giving JSI ten (10) business days written notice, may terminate JSI's right to continue with the Services in an applicable SOW in whole or in part.
- e. *Customer possession of completed work.* If Customer terminates JSI's right to continue with the Services in an applicable SOW under the conditions set out in this Section, Customer shall be entitled to take possession of the products (JSI's work product) delivered to date.
- f. Customer may terminate this Agreement for any reason on 60-day written notice to JSI. If Customer terminates this Agreement under this provision, JSI shall be entitled to be paid for all Services furnished to the date of termination according to the terms and conditions of payment under this Agreement.

15. JSI's Right to Terminate the Agreement and Remedies

JSI may terminate this Agreement due to Customer bankruptcy and work stoppages greater than thirty (30) days.

- a. *Customer bankruptcy.* If Customer should be adjudged bankrupt, or makes a general assignment for the benefit of creditors because of his insolvency or if a receiver is appointed because of his insolvency, or if Customer is unable to furnish evidence acceptable to JSI that sufficient funds are available and committed for the entire cost of the Services and/or Products, JSI may, without prejudice to any other right or remedy it may have, by giving Customer or receiver or trustee in bankruptcy written notice, terminate the Agreement.
- b. *Extended work stoppage.* If the Services should be stopped or otherwise delayed for a period of thirty (30) days or more under an order of the court or other public authority and providing that such order was not issued as the result of an act or fault of JSI or of anyone directly or indirectly employed or engaged by them, JSI may, without prejudice to any other right or remedy it may have, by giving Customer written notice, terminate the applicable SOW in whole or in part.
- c. *Notice to Customer of default.* JSI shall notify Customer in writing that Customer is in default of its obligations if Customer fails to pay JSI when due the amounts certified for payment or awarded by arbitration or court, or Customer violates the requirements of the Agreement. As described in Section 4, if Customer's failure to make payments continues for ten (10) days or more following JSI's notice of outstanding Fees, JSI may suspend the provision of its Services until such amounts are paid in full. JSI's written notice to Customer regarding default shall advise that if the default is not corrected in the fifteen (15) business days immediately following the receipt of the written notice JSI may, without prejudice to any other right or remedy it may have, terminate such SOW or this Agreement in its entirety with no obligation with respect to other ongoing SOWs.
- d. *Payment for work completed.* If JSI terminates the applicable SOW or this Agreement under the conditions set out above, it shall be entitled to be paid for all Services furnished to the date of termination according to the terms and conditions of payment under this Agreement and for loss reasonably sustained upon the Services.



16. Insurance

- a. JSI or its Subcontractors shall, at its own expense, obtain and keep in full force and effect at all times for the duration of this Agreement insurance policies of the following kinds, if applicable to the Services:
- (i) Workers' Compensation insurance in accordance with all applicable laws in the states in which work will be performed, including Employers Liability, bodily injury by accident, and for injury by disease;
 - (ii) Commercial General Liability, including contractual liability coverage throughout the term of the Agreement;
 - (iii) Auto Liability insurance. Coverage shall include owned, hired and non-owned automobiles;
 - (iv) Commercial Umbrella coverage;
 - (v) Cyber Insurance coverage; and,
 - (vi) Professional or Errors & Omissions Liability. If this coverage is written on a Claims-made coverage form, any Retroactive Date must be prior to the date of commencement of work under this Agreement.
- b. Upon request, JSI shall provide Customer certificates of insurance for all applicable policies required to be provided herein.
- c. JSI shall be responsible for payment of all deductible amounts under JSI's insurance policies. JSI acknowledges that JSI's Services may be performed on property that is owned by third party property owners and not owned by Customer. For purposes of JSI's Services under each SOW, property insurance and liability insurance maintained by such third-party owners shall not cover damage or injury caused by JSI or its subcontractors or employees. Unless Customer agrees otherwise in writing, JSI shall require all consultants and subcontractors performing Services and/or providing Products in connection with each SOW to maintain the insurance coverages required by this Section 17. Upon request, JSI shall deliver copies of subcontractor's certificates of insurance to Customer.

17. Severability

If any provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to affect their original intent as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

18. Waiver of a Right or Remedy

- a. JSI's failure to exercise a right or remedy or JSI's acceptance of a partial or delinquent payment shall not operate as a waiver of any of JSI's rights or Customer's obligations under the Agreement and shall



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not constitute a waiver of JSI's right to declare an immediate or subsequent default.

- b. Customer's failure to exercise a right or remedy shall not operate as a waiver of any of Customer's rights or JSI's obligations under the Agreement and shall not constitute a waiver of Customer's right to declare an immediate or subsequent default.

19. Rights and Remedies

Each Party has the right to Terminate this Agreement and seek all available remedies available by law.

- a. *All available remedies by law are available.* The duties and obligations imposed by the Contract Document and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights or remedies otherwise imposed or available by law. No action or failure to act by Customer or JSI shall constitute a waiver of any right or duty afforded by any of them under the Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach hereunder, except as may be specifically agreed in writing.
- b. *Claims must commence timely.* Any claim or cause of action arising under or otherwise relating to this Agreement, SOW, or the Services or other subject matter hereof or thereof, whether based in contract, tort (including negligence) or otherwise, must be commenced within one (1) year from the date such claim or cause of action first arose.
- c. *Binding arbitration.* All claims and disputes arising under or relating to this Agreement may be settled by binding arbitration in the State of Delaware or another location mutually agreeable to the Parties before a single arbitrator. The arbitrator shall be selected by mutual agreement of the Parties. An award of arbitration may be confirmed in a court of competent jurisdiction.

20. Succession

This Agreement shall constitute the contract between the parties and subject to law and the provisions of the Contract Document shall inure to the benefit of and be binding upon the Parties hereto, legal representatives, successors and assigns.

21. Indemnification

The Parties agree to defend each other against claims not arising from that Party's negligence or intentional acts.

- a. JSI shall indemnify and hold harmless Customer and, its Third Parties, agents and employees from and against claims, demands, losses, costs, damages, actions, suits or proceedings by third parties (hereinafter called "claims") that arise out of, or are attributable to, JSI's performance of this Agreement, provided such claims are attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, and caused by negligent or intentional acts or omissions of JSI or anyone for whose acts it may be liable.
- b. Customer shall indemnify and hold harmless JSI and, its Third Parties, agents and employees from and against claims that arise out of, or are attributable to, Customer's performance of this Agreement, provided such claims are attributable to bodily injury, sickness, disease, or death, or to injury to or



destruction of tangible property, and caused by negligent or intentional acts or omissions of Customer or anyone for whose acts it may be liable.

- c. To the maximum extent permitted by law, neither Party nor its affiliates, distributors, agents, subcontractors or suppliers will have any liability whatsoever for any loss of sales, profits, business, data, or other incidental, consequential, indirect, or any exemplary, punitive or special loss or damage, even if advised of the possibility of their occurrence, resulting from or arising out of or related to these contract document or any services or products rendered thereunder, or any other cause whatsoever, regardless of the form of the claim or action (whether based in equity, contract, negligence, strict liability or other tort, statute or otherwise).
- d. *Damages cap.* Notwithstanding anything else in the Contract Document to the contrary, in no event shall JSI or any JSI affiliate be liable, alone or in the aggregate, to Customer or its affiliates for liabilities arising out of or relating to any particular SOW performed pursuant to the Contract Document from any and all causes, in excess of an amount equal to one hundred percent (100%) of the Fees as adjusted by the SOW Change Order(s) for any such SOW under which a liability may arise, regardless of whether based on contract, tort (including negligence), indemnity, equity, strict liability or any other theory or cause of action.

22. Governing Law

This Agreement will be governed by, and construed and interpreted according to, the substantive laws of the State of Delaware, without giving effect to any law, provision or rule of such state or any other jurisdiction that would cause the application of the laws of any jurisdiction other than the State of Delaware. The Parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the state or federal courts (if permitted by law and a Party elects to file an action in federal court) located in New Castle County, Delaware or Kerr County, Texas. This choice of venue is intended by the parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the Parties with respect to, or arising out of, this Agreement in any jurisdiction other than that specified in this Section. Each Party waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or theory or to object to venue with respect to any proceeding brought in accordance with this Section.

23. Assignment

Neither Party shall assign or transfer any of its rights or delegate any of its obligations hereunder, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Any purported assignment or delegation in violation of this Section will be null and void. No assignment or delegation will relieve the assigning or delegating Party of any of its obligations hereunder. This Agreement is binding upon and inures to the benefit of the Parties and their respective permitted successors and assigns.



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24. Legal Notices

All legal notices required or permitted to be given under the provisions of the Agreement shall be in writing and addressed to the Parties at the addresses set forth below (or to such other address provided in writing by a Party from time to time in accordance with this Section). Such notices shall be deemed given (i) when personally delivered to the Party to be given such notice or other communication, (ii) on the business day that such notice or other communication is sent by facsimile, electronic mail, or similar electronic communications, (iii) on the business day following the day such notice or other communication is sent by reputable overnight courier, and (iv) on the third business day after being sent registered or certified first class United States mail.

If to JSI:

Todd Wilson
President of Fiber Network Design and Implementation
JSI Engineering, LLC
6404 Ivy Lane, Suite 700
Greenbelt, MD 20770
Todd.Wilson@jsitel.com

With a copy to (which shall not constitute notice):

Legal Department
John Staurulakis, LLC
6404 Ivy Lane, Suite 700
Greenbelt, MD 20770
contracts@jsitel.com

If to Customer:

Kerrville Public Utility Board
ATTN: Director of Engineering
2250 Memorial Blvd.
Kerrville, TX 78028

25. Force Majeure

In no event shall either Party be liable to the other Party, or be deemed to have breached this Agreement, for any failure or delay in performing its obligations under this Agreement (except for any obligations to make payments), if and to the extent such failure or delay is caused by any circumstances beyond such Party's reasonable control and not caused by such Party's actions, including but not limited to acts of God, flood, fire, earthquake, snow and ice, tornado, explosion, pandemic, epidemic, war, terrorism, invasion, riot or other civil unrest, strikes, labor stoppages or slowdowns or other industrial disturbances, or change of law, regulation, requirement or any other action taken by a governmental or public authority.



26. Entire Agreement

This written instrument, including the Contract Document, constitutes the entire agreement between Parties hereto pertaining to the subject matter hereof and supersedes all prior proposals, agreements, understandings, negotiations, and discussions not specifically incorporated herein. No change, amendment, or modification of this Agreement, including without any limitation, any SOW, shall be binding unless in writing and executed by an authorized representative of both Parties. Each Party agrees to preserve and protect the rights of the Parties under this Agreement with respect to the Services furnished by each Party's Third Parties and to incorporate the Contract Document by reference in all agreements or contracts for the project with their Third Parties.

27. Survivability

Each Party's obligations under Section 12 (Warranty and Remedies), Section 13 (Representations and Warranties), Section 22 (Indemnification), Section 23 (Governing Law), and Section 3 (Confidentiality) survive the expiration or termination of this Agreement.

28. Publicity

Neither Party will use the other Party's name, logo or service marks, for any purpose, including, but not limited to, press releases without the other Party's prior written consent. Without limiting the generality of the foregoing, JSI shall not promote or advertise itself as Customer's vendor, without Customer's prior written consent.

29. Counterparts and Electronic Signatures

This Agreement may be executed in two or more counterparts (including by means of faxed or emailed signature pages), each of which will be deemed an original, and all of which together will constitute one and the same instrument. The parties consent and agree the Agreement and any Contract Document may be entered into electronically by way of electronic signatures (for example, by electronically clicking a box confirming agreement or utilizing third party software such as DocuSign), and any such electronic signatures shall be binding and treated as original signatures.

30. Confidentiality

- a. Each Party agrees, except as required by judicial order or governmental laws or regulations, to maintain, and to require its respective affiliates, shared owners, contractors, subcontractors, suppliers, employees and agents to maintain the confidentiality of all information regarding the other Party, including without limitation, such Party's business plans, activities, schedules, trade secrets, information or material that could have commercial value or other utility to a similar business, discussions related to the Contract Document and each project that is the subject of a SOW or otherwise obtained in connection with this Agreement (collectively referred to as "Proprietary Information"). Written Proprietary Information shall be labeled "Confidential" or some similar warning but if unlabeled or transmitted orally shall still be treated as Proprietary Information if given the situation, context and past practice such information is typically or appropriately treated as Proprietary Information.



- b. The receiving Party shall use the Proprietary Information only for the purposes of the Contract Document, and shall disclose the Proprietary Information only to its employees and agents who have a need to know. The receiving Party shall carefully restrict access to all Proprietary Information, and take reasonable security precautions, at least as great as precautions it takes to protect its own Proprietary Information.
- c. Notwithstanding the foregoing confidentiality obligations, the Parties may disclose Proprietary Information to its legal counsel, accountants, and other professional advisors as necessary to obtain legal or accounting advice in connection with the subject matter of this Agreement, provided that such advisors are bound by the same confidentiality obligations as set forth herein.
- d. The receiving Party agrees to notify the disclosing Party immediately upon discovery of any unauthorized use or disclosure of Proprietary Information by the receiving Party and will cooperate with the disclosing Party to help the disclosing Party regain possession of the Proprietary Information, secure it as necessary, and prevent its further unauthorized disclosure or use.
- e. All Proprietary Information disclosed under these Contract Document shall be and remain the property of the disclosing Party and nothing contained in this Agreement shall be construed as granting or conferring any rights to such Proprietary Information on the other Party. Upon request from the disclosing Party, the receiving Party shall promptly return or destroy all copies of the disclosing Party's Proprietary Information disclosed under this Agreement and all notes related to such Proprietary Information. However, after providing prior written notice to the disclosing Party and reasonable and sufficient time to contest a demand or requirement pursuant to law, judicial order, or government regulations to disclose Proprietary Information ("Governmental Requirement"), the receiving Party may disclose the disclosing Party's Proprietary Information so long as the Party subject to the Government Requirement cooperates with the disclosing Party in the event that the disclosing Party elects to contest and/or avoid such judicial or governmental disclosure, whether by seeking a protective order or otherwise.
- f. The Parties agree that the disclosing Party will suffer irreparable injury if its Proprietary Information is made public, released to any third party or otherwise disclosed without the written consent of the disclosing Party. The disclosing Party shall be entitled to obtain injunctive relief against a threatened breach or continuation of any such breach and, in the event of such breach, an award of actual and exemplary damages from any court of competent jurisdiction.
- g. Notwithstanding the foregoing, the obligation of a person to protect the confidentiality of any Proprietary Information shall terminate as to any information or materials which: (i) are, or become, public knowledge through no act or failure to act of such person; (ii) are publicly disclosed by the proprietor thereof; (iii) are lawfully obtained without obligations of or violations of confidentiality by such person from a third party; or (iv) are lawfully known by such person at the time of disclosure other than by reason of discussions with or disclosures by the Parties. These confidentiality obligations shall survive for the longer of (i) a period of five (5) years after termination of this Agreement; or (ii) the longest period permitted by law.
- h. Upon the effective date of the expiration or termination of this Agreement for any reason, either Party may request in writing and the non-requesting Party shall either, with respect to Proprietary Information to which such non-requesting Party does not retain rights under the surviving provisions of this Agreement: (i) promptly destroy all copies of such Proprietary Information in the possession or



control of the non-requesting Party and confirm such destruction in writing to the requesting Party; or (ii) promptly deliver to the requesting Party, at the non-requesting Party's sole cost and expense, all copies of such Proprietary Information in the possession or control of the non-requesting Party. Notwithstanding the foregoing, the non-requesting Party shall be permitted to retain (1) such Proprietary Information to the extent necessary or useful for purposes of performing any continuing obligations or exercising any ongoing rights hereunder including demonstrating compliance with this Agreement, and (2) any computer records or files containing such Proprietary Information that have been created solely by such non-requesting Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such non-requesting Party's standard archiving and back-up procedures, but not for any other uses or purposes. All Proprietary Information shall continue to be subject to the terms of this Agreement.

31. JSI Affiliates

Services unrelated to outside plant provided by JSI affiliates.

JSI's affiliates ("Affiliate") may enter into letters of engagement, order forms and SOWs with Customer hereunder. Each such letter of engagement, order form and SOW shall reference, and be subject to the terms and conditions of, this Agreement, provided further, that if a letter of engagement, order form or SOW is executed by an Affiliate, (i) such Affiliate shall take the place of JSI, as applicable, for purposes of this Agreement, but solely with respect to such letter of engagement, order form or SOW, (ii) such Affiliate will be solely liable with respect to such letter of engagement, order form or SOW and this Agreement (as it relates to letter or engagement, such order form or SOW).

32. Collaboration Meetings and Progress Report

- a. On a schedule agreed to by Customer and JSI in the SOW, JSI's project manager shall provide a written project progress report ("Progress Report") to the Customer's project manager. Customer shall acknowledge receipt of the Progress Report in a timely manner and direct any questions or concerns about the Progress Report to JSI's project manager. JSI shall respond to such questions and concerns in a timely manner.
- b. The Parties shall meet in-person or virtually at least once per month ("Progress Update Meeting") to discuss the status of the applicable SOWs and any potential Project Schedule or Service changes.

33. Non-Solicitation of Employees

Neither Party shall solicit for employment or hire the employees of the other Party involved in the management or performance of the Services during the term of this Agreement and for one year thereafter.

Schedules

Schedule A: Statements of Work (SOW)

Schedule B: SOW Change Orders



DRAFT DATED _____

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

JSI ENGINEERING, LLC

Kerrville Public Utility Board

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



DRAFT DATED _____

Schedule A
Statements of Work



DRAFT DATED _____

Schedule B
SOW Change Orders

MEMORANDUM

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

From: Amy Dozier

Date: March 18, 2026

Re: Agenda Item No. 7 – Financial Report

Attached please find financial statements for the month ended February 28, 2026.

Highlights include:

KPUB

- **\$705K increase in net position** on a year-to-date (YTD) basis, which is \$727K lower than budget.
- **\$19.3M in operating revenue** on a YTD basis.
 - Revenues are 12% lower than budget due to a combination of 1) kWh sales that are 3% lower than budget and 2) lower than forecast purchased power cost due lower than forecast natural gas prices in the first quarter of the year. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.
 - Winter Storm Fern – Winter Storm Fern occurred at the end of January but was recorded as revenue when customers were billed in February. The winter storm resulted in kWh sales and kWh power prices exceeding budget for the month. On a year-to-date basis, revenue remains lower than budget, but the variance was reduced in February.
- **\$408K in Rate Stabilization Transfer** on a YTD basis.

The calculation for February's transfer amount resulted in a negative amount. Pursuant to Resolution 25-22, "if the resulting amount is negative, no transfer shall be made for that month; transfers may resume the following month based on year-to-date calculations."

The negative transfer calculation is primarily due to the timing of capital spending. In particular, capital spending on substations is especially low compared to budget so far this year. Planning for substation projects is underway, and larger expenditures are expected later in the fiscal year. Increased capital spending will result in a positive rate stabilization transfer.

- **\$19.5M in operating expense** on a YTD basis.
 - Operating expense is 7% better than budget driven primarily by:
 1. Lower than budget purchased power expense due to a combination of kWh purchases that are 3% lower than budget due to lower kWh sales resulting from mild weather and lower than forecast natural gas prices leading to unit costs that are 4% lower than budget.
 2. Lower than budget expenses continue in all other categories. Overtime expense is a notable positive variance. Mild weather and a well-maintained system have led to low overtime hours so far in FY2026. Positive variances in the administrative expenses category are primarily related to timing, with the budget variance expected to narrow in the last half of the fiscal year.
- **\$186K in operating loss** on a YTD basis.
- **\$315K in nonoperating income** on a YTD basis.
 - Nonoperating income is \$346K 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 (4.04% actual vs. 3.75% budget in Q1 FY2026) and higher balance (\$48M actual vs. \$43M budget in Q1 FY2026) than budgeted. Interest rates have stabilized near the budgeted rate of 3.75%, but our invested balances continue at a higher than budget level. On March 18th, the Federal Reserve opted to leave interest rates unchanged. Inflation concerns and economic uncertainty may result in fewer rate cuts in 2026 than analysts had initially projected.
 3. Lower than budget City of Kerrville transfer due to lower than budget revenues previously discussed.
- **One FEMA Public Assistance Grant project has been paid (\$63K) and KPUB's remaining 4 projects have been moved to "obligated" status.** Obligated status means that FEMA has disbursed funds for our projects to the Texas Division of Emergency Management (TDEM). TDEM is currently conducting an additional documentation review for our largest project (\$1.5M in expenses, with 75% reimbursement of \$1.1M) and has not provided a definitive timeline for disbursing the funds.
- **\$23.5M in over collection of power cost adjustment** as of 2/28/2026, a **decrease of \$0.2M** from the prior month.
 - The billed rate remains at \$105.00 for 1,000 kWh of residential power. In the February monthly survey of 29 Central and South Texas utilities, KPUB's rate remained the 2nd lowest. The overall average rate for the 29 utilities is \$133.15.
- **\$49.1M invested** in municipal investment pools and an account at Happy State Bank.
 - The portfolio of investment accounts earned an annualized blended rate of 3.77% in February.

KPFC

- **\$43.3M in generation project costs, including capitalized interest, shown as Capital Assets** as of 2/28/26.
- **\$30.1M balance in the Construction Fund** as of 2/28/26, representing unspent proceeds from the 2025A (open market) bond issuance.

I am happy to answer any questions regarding this report.

Sincerely,

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

Amy Dozier
Assistant General Manager



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended February 28, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Current Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	\$ 3,233,593	\$ 3,198,344	\$ 35,249	1.10%	\$ 3,090,957	\$ 142,636	4.61%
Commercial/Industrial	1,835,694	1,768,160	67,534	3.82%	1,766,282	69,413	3.93%
Sales to Public Authorities	21,852	21,667	186	0.86%	21,842	10	0.05%
Rate Stabilization Transfer	-	329,745	(329,745)	-100.00%	-	-	0.00%
Other	35,813	40,106	(4,293)	-10.70%	38,328	(2,516)	-6.56%
TOTAL OPERATING REVENUES	5,126,953	5,358,021	(231,069)	-4.31%	4,917,409	209,544	4.26%
OPERATING EXPENSES							
Purchased Power	3,736,835	3,765,062	28,227	0.75%	3,498,778	(238,058)	-6.80%
Distribution	281,307	361,486	80,180	22.18%	319,435	38,129	11.94%
Customer Accounts	52,349	64,003	11,654	18.21%	57,302	4,953	8.64%
Customer Service, Informational & Sales	37,823	42,907	5,084	11.85%	42,971	5,148	11.98%
Administrative Expenses	621,308	506,205	(115,103)	-22.74%	474,713	(146,596)	-30.88%
Depreciation & Amortization	388,498	400,576	12,078	3.02%	380,333	(8,165)	-2.15%
TOTAL OPERATING EXPENSES	5,118,121	5,140,240	22,119	0.43%	4,773,532	(344,589)	-7.22%
OPERATING INCOME (LOSS)	8,832	217,782	(208,950)	-95.94%	143,877	(135,045)	-93.86%
NONOPERATING REVENUES (EXP):							
Interest Income-Investments	146,539	132,812	13,727	10.34%	161,714	(15,175)	-9.38%
Interest Income - City of Kerrville	7,500	7,500	0	0.00%	9,643	(2,143)	-22.22%
Interest Expense	(6,764)	(9,047)	2,283	25.24%	(8,980)	2,216	24.68%
City of Kerrville - General Fund Transfer	(159,474)	(164,993)	5,519	3.35%	(152,678)	(6,796)	-4.45%
City of Ingram - Franchise Fee	(3,706)	(3,000)	(706)	-23.53%	(3,791)	85	2.24%
Other - Net	13,693	1,250	12,443	995.46%	499	13,195	2645.69%
TOTAL NONOPERATING REVENUES (EXP)	(2,211)	(35,478)	33,267	93.77%	6,407	(8,618)	-134.51%
INCOME BEFORE CONTRIBUTIONS	6,621	182,304	(175,682)	-96.37%	150,284	(143,663)	-95.59%
CAPITAL CONTRIBUTIONS	84,048	68,333	15,715	23.00%	72,260	11,788	16.31%
CHANGE IN NET POSITION	\$ 90,670	\$ 250,637	\$ (159,967)	-63.82%	\$ 222,544	\$ (131,875)	-59.26%
NET POSITION AT BEGINNING OF MONTH	\$ 81,594,875				\$ 80,899,981		
NET POSITION AT END OF MONTH	\$ 81,685,544				\$ 81,122,526		



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended February 28, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Year to Date Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	\$ 10,770,580	\$ 11,956,207	\$ (1,185,627)	-9.92%	\$ 10,042,130	\$ 728,450	7.25%
Commercial/Industrial	7,623,857	8,265,898	(642,041)	-7.77%	7,085,014	538,843	7.61%
Sales to Public Authorities	109,307	108,333	974	0.90%	108,979	328	0.30%
Rate Stabilization Transfer	407,631	1,342,622	(934,991)	-69.64%	-	407,631	0.00%
Other	423,115	389,850	33,265	8.53%	400,660	22,455	5.60%
TOTAL OPERATING REVENUES	19,334,490	22,062,910	(2,728,421)	-12.37%	17,636,783	1,697,707	9.63%
OPERATING EXPENSES							
Purchased Power	12,649,186	13,536,613	887,427	6.56%	11,232,220	(1,416,966)	-12.62%
Distribution	1,775,853	1,940,046	164,193	8.46%	1,651,394	(124,459)	-7.54%
Customer Accounts	299,384	339,355	39,971	11.78%	329,626	30,242	9.17%
Customer Service, Informational & Sales	204,082	231,578	27,496	11.87%	174,604	(29,477)	-16.88%
Administrative Expenses	2,648,895	2,901,086	252,191	8.69%	2,445,562	(203,332)	-8.31%
Depreciation & Amortization	1,942,968	1,992,882	49,914	2.50%	1,894,782	(48,187)	-2.54%
TOTAL OPERATING EXPENSES	19,520,368	20,941,560	1,421,192	6.79%	17,728,188	(1,792,179)	-10.11%
OPERATING INCOME (LOSS)	(185,878)	1,121,350	(1,307,228)	-116.58%	(91,405)	(94,473)	-103.36%
NONOPERATING REVENUES (EXP):							
Interest Income-Investments	814,955	664,060	150,895	22.72%	954,279	(139,324)	-14.60%
Interest Income - City of Kerrville	41,786	41,784	2	0.00%	52,500	(10,714)	-20.41%
Interest Expense	(37,994)	(45,236)	7,242	16.01%	(42,660)	4,666	10.94%
City of Kerrville - General Fund Transfer	(608,994)	(682,698)	73,705	10.80%	(559,522)	(49,472)	-8.84%
City of Ingram - Franchise Fee	(14,326)	(15,000)	674	4.50%	(14,240)	(86)	-0.60%
Other - Net	119,313	6,250	113,063	1809.01%	(15,532)	134,846	868.16%
TOTAL NONOPERATING REVENUES (EXP)	314,741	(30,840)	345,581	1120.55%	374,826	(60,085)	-16.03%
INCOME BEFORE CONTRIBUTIONS	128,863	1,090,510	(961,647)	-88.18%	283,420	(154,557)	-54.53%
CAPITAL CONTRIBUTIONS	576,425	341,665	234,759	68.71%	443,591	132,834	29.95%
CHANGE IN NET POSITION	\$ 705,288	\$ 1,432,175	\$ (726,888)	-50.75%	\$ 727,011	\$ (21,724)	-2.99%
NET POSITION AT BEGINNING OF YEAR	\$ 80,980,256				\$ 80,395,514		
NET POSITION AT END OF MONTH	\$ 81,685,544				\$ 81,122,526		



Kerrville Public Utility Board
Balance Sheet
As of Feb 28, 2026

ASSETS & DEFERRED OUTFLOWS	Feb 28, 2026	Sep 30, 2025	LIABILITIES, DEFERRED INFLOWS & NET POSITION	Feb 28, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Current Portion - Bonds Payable	\$ 481,000	\$ 464,000
Cash and Cash Equivalents	\$ 701,294	\$ 1,230,495	Current Portion - Leases Payable	16,354	16,354
Investments	34,895,975	32,577,205	Current Portion - Subscriptions Payable	320,853	320,853
Less: Customer Deposits	(525,545)	(535,058)	Current Portion - Compensated Absences	635,219	601,732
Total Revenue Fund	<u>35,071,724</u>	<u>33,272,642</u>	Current Portion - Total OPEB Liability	9,368	9,368
Construction Fund:			Accounts Payable - Net Purchased Power	10,405,252	10,045,827
Cash and Cash Equivalents	6,024	5,931	Accounts Payable and Accrued Liabilities	1,298,077	1,239,232
Investments	1,714,233	1,686,519	Power Cost Adjustment - Over Collected	23,456,209	22,264,314
Total Construction Fund	<u>1,720,257</u>	<u>1,692,450</u>	TOTAL CURRENT LIABILITIES	<u>\$ 36,622,332</u>	<u>\$ 34,961,680</u>
Rate Stabilization Fund:			NONCURRENT LIABILITIES		
Investments	2,255,925	2,219,454	Noncurrent - Bonds Payable	\$ 1,020,000	\$ 1,501,000
Total Rate Stabilization Fund	<u>2,255,925</u>	<u>2,219,454</u>	Noncurrent - Leases Payable	24,997	31,688
Long Term Rate Stabilization Fund:			Noncurrent - Subscriptions Payable	265,861	427,289
Investments	5,866,488	5,192,203	Customer Deposits	525,545	535,058
Total Long Term Rate Stabilization Fund	<u>5,866,488</u>	<u>5,192,203</u>	Noncurrent - Compensated Absences	112,541	112,541
Customer Accounts Receivable, net of allowance	2,261,964	1,867,586	Noncurrent - Deferred Compensation	90,256	-
Receivable from KPFC	2,500	2,500	Net Pension Liability	1,935,595	1,935,595
Unbilled Revenue	2,206,613	2,206,613	Noncurrent - Total OPEB Liability	271,320	271,320
Materials and Supplies	2,680,276	2,576,593	TOTAL NONCURRENT LIABILITIES	<u>\$ 4,246,115</u>	<u>\$ 4,814,491</u>
Deposits with Other Entities	1,465,098	1,445,958	DEFERRED INFLOWS - PENSION AND OPEB	<u>\$ 129,278</u>	<u>\$ 129,278</u>
Other Current Assets	7,500	17,143	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 40,997,725</u>	<u>\$ 39,905,449</u>
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428	TOTAL NET POSITION	<u>\$ 81,685,544</u>	<u>\$ 80,980,256</u>
TOTAL CURRENT ASSETS	<u>\$ 54,609,774</u>	<u>\$ 51,564,571</u>			
NONCURRENT ASSETS					
Customer Deposits	\$ 525,545	\$ 535,058			
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000			
Interest and Sinking Fund	179,720	456,650			
Emergency, Repair, Replace, Contingency Fund	4,218,081	4,149,888			
Noncurrent Advance to City of Kerrville	2,678,573	3,214,287			
Capital Assets, net of Accum Depreciation	53,580,335	53,895,811			
Right to Use Assets, Net of Accum Amortization	38,154	44,967			
Subscription Assets, Net of Accum Amortization	768,258	939,646			
TOTAL NONCURRENT ASSETS	<u>\$ 67,238,667</u>	<u>\$ 68,486,307</u>			
DEFERRED OUTFLOWS - PENSION AND OPEB	<u>\$ 834,828</u>	<u>\$ 834,828</u>			
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 122,683,269</u>	<u>\$ 120,885,706</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	<u>\$ 122,683,269</u>	<u>\$ 120,885,706</u>

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended February 28, 2026

		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		\$ 35,489,261	\$ 1,709,287	\$ 2,249,417	\$ 5,849,564	\$ -	\$ 134,980	\$ 4,205,912	\$ 49,638,423
Withdrawals:									
Happy Investment - Garland	02/02/26	(49,079)							(49,079)
Happy Investment - TXHB	02/02/26	(101,241)							(101,241)
Happy Investment - LCRA	02/03/26	(710,816)							(710,816)
Happy Investment - TMRS	02/03/26	(155,483)							(155,483)
Happy Investment - ERCOT	02/09/26	(64,617)							(64,617)
Happy Investment - Concho Bluff	02/13/26	(68,275)							(68,275)
Happy Investment - CPS	02/19/26	(2,405,365)							(2,405,365)
Happy Investment - NextEra	02/20/26	(485,088)							(485,088)
Happy Investment - DG Solar	02/27/26	(34,334)							(34,334)
Investments:									
Happy Investment	02/06/26	575,000							575,000
Happy Investment	02/13/26	650,000							650,000
Happy Investment	02/20/26	1,000,000							1,000,000
Happy Investment	02/27/26	1,200,000							1,200,000
Fund Balance after Withdrawals & Investments		34,839,964	1,709,287	2,249,417	5,849,564	-	134,980	4,205,912	48,989,126
Allocation of:									
Interest Income	02/28/26	100,356	4,945	6,508	16,924	-	395	12,169	141,297
Total Interest Allocation		100,356	4,945	6,508	16,924	-	395	12,169	141,297
Fund Balance After Allocations		34,940,320	1,714,233	2,255,925	5,866,488	-	135,375	4,218,081	49,130,423
Interfund Transfers :									
Debt Service	02/28/26	(44,345)					44,345		-
Ending Fund Balance		\$ 34,895,975	\$ 1,714,233	\$ 2,255,925	\$ 5,866,488	\$ -	\$ 179,720	\$ 4,218,081	\$ 49,130,423



Kerrville Public Utility Board
Debt Ratios
For the Month Ended February 28, 2026

DEBT SERVICE COVERAGE RATIO:

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 90,670	\$ 705,288	\$ 563,018
PLUS:			
Interest Expense (net of amortizations)	6,764	37,994	103,640
Depreciation & Amortization Expense	388,498	1,942,968	4,621,059
Numerator	485,932	2,686,250	5,287,718
DIVIDED BY:			
Interest Expense (net of amortizations)	6,764	37,994	103,640
Principal Payment Due	68,184	340,920	818,207
Denominator	\$ 74,948	\$ 378,914	\$ 921,847
DEBT SERVICE COVERAGE RATIO	6.48	7.09	5.74

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	\$ 35,071,724
Construction Fund	1,720,257
Rate Stabilization Fund	2,255,925
Long Term Rate Stabilization Fund	5,866,488
Emergency, Repair, Replace, Contingency Fund	4,218,081
Total Cash and Cash Equivalents (A)	\$ 49,132,476

DENOMINATOR:

Fiscal Year-to-Date Operating Expense	\$ 19,520,368
Less: Fiscal Year-to-Date Depreciation	1,942,968
Adjusted Operating Expense (B)	\$ 17,577,399

NUMBER OF DAYS ELAPSED IN FISCAL YEAR (C) 151

DAYS CASH ON HAND (= A / B * C) 422
MINIMUM DAYS CASH ON HAND PER POLICY 47 175

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

NUMERATOR:

Fiscal Year-to-Date Operating Income	\$ (185,878)
Less: City of Kerrville and Ingram Transfers	(623,319)
Plus: 50% of PPA Expense	4,563,548
Plus: Fiscal Year-to-Date Depreciation	1,942,968
Plus: Fiscal Year-to-Date Interest Income - Investments	814,955
Plus: Fiscal Year-to-Date Capital Contributions	576,425
Total Numerator (D)	\$ 7,088,699

DENOMINATOR:

50% of PPA Expense	\$ 4,563,548
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator (E)	\$ 3,897,271

FIXED CHARGE COVERAGE RATIO (= D / E) 1.8
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 February 28, 2026
 (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	100,756	75,272	25,484	33.86%	-	100,756	
Interest Expense	(319,098)	(319,098)	-	0.00%	-	(319,098)	
Allowance for Borrowed Funds during Construction	318,848	318,848	-	0.00%	-	318,848	
Debt Issuance Cost Refund	-	-	-		-	-	
Amortization - Debt Premium	13,693	13,693	-	0.00%	-	13,693	
TOTAL NONOPERATING REVENUES (EXP)	114,200	88,716	25,484	28.73%	-	114,200	
INCOME BEFORE CONTRIBUTIONS	114,200	84,549	29,651	35.07%	-	114,200	
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 114,200	\$ 84,549	\$ 29,651	35.07%	\$ -	\$ 114,200	
NET POSITION AT BEGINNING OF MONTH	\$ (162,549)				\$ -		
NET POSITION AT END OF MONTH	\$ (48,349)				\$ -		



Kerrville Public Utility Board Public Facility Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended February 28, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL OPERATING REVENUES	-	-	-		-	-	
OPERATING EXPENSES:							
Administrative Expenses	-	20,833	20,833	100.00%	\$ -	-	
TOTAL OPERATING EXPENSES	-	20,833	20,833	100.00%	-	-	
OPERATING INCOME (LOSS)	-	(20,833)	20,833	100.00%	-	-	
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	623,576	380,429	243,146	63.91%	-	623,576	
Interest Expense	(1,613,203)	(1,613,203)	-	0.00%	-	(1,613,203)	
Allowance for Borrowed Funds during Construction	1,611,953	1,611,953	-	0.00%	-	1,611,953	
Debt Issuance Cost Refund	540	-	540		-	540	
Amortization - Debt Premium	68,467	68,467	-	0.00%	-	68,467	
TOTAL NONOPERATING REVENUES (EXP)	691,333	447,646	243,687	54.44%	-	691,333	
INCOME BEFORE CONTRIBUTIONS	691,333	426,813	264,520	61.98%	-	691,333	
CAPITAL CONTRIBUTIONS	-	-	-	-	\$ -	-	
CHANGE IN NET POSITION	\$ 691,333	\$ 426,813	\$ 264,520	61.98%	\$ -	\$ 691,333	
NET POSITION AT BEGINNING OF YEAR	\$ (739,682)				\$ -		
NET POSITION AT END OF YEAR	\$ (48,349)				\$ -		



Kerrville Public Utility Board Public Facility Corporation
Balance Sheet
As of February 28, 2026

ASSETS	Feb 28, 2026	Sep 30, 2025	LIABILITIES & NET POSITION	Feb 28, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Accrued Interest - 2025A	\$ 1,455,816	\$ 853,548
Cash and Cash Equivalents	\$ 2,558	\$ 2,517	Accounts Payable	2,500	1,109,510
Total Revenue Fund	<u>2,558</u>	<u>2,517</u>	TOTAL CURRENT LIABILITIES	<u>\$ 1,458,316</u>	<u>\$ 1,963,058</u>
Construction Fund:			NONCURRENT LIABILITIES		
Cash and Cash Equivalents	30,059,138	37,531,419	Accrued Interest - 2025B	1,924	674
Total Construction Fund	<u>30,059,138</u>	<u>37,531,419</u>	Bonds Payable	74,495,000	74,495,000
Capitalized Interest Fund:			Bond Premium	3,478,113	3,546,580
Cash and Cash Equivalents	5,879,536	6,789,445	TOTAL NONCURRENT LIABILITIES	<u>\$ 77,975,037</u>	<u>\$ 78,042,254</u>
Total Capitalized Interest Fund	<u>5,879,536</u>	<u>6,789,445</u>	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 79,433,354</u>	<u>\$ 80,005,312</u>
Interest and Sinking Fund:			TOTAL NET POSITION	<u>\$ (48,349)</u>	<u>\$ (739,682)</u>
Cash and Cash Equivalents	1,576	1,019			
Total Interest and Sinking Fund	<u>1,576</u>	<u>1,019</u>			
Accrued Interest Receivable	100,749	151,472			
TOTAL CURRENT ASSETS	<u>\$ 36,043,557</u>	<u>\$ 44,475,872</u>			
NONCURRENT ASSETS					
Capital Assets, Nondepreciable	43,341,448	34,789,758			
TOTAL NONCURRENT ASSETS	<u>\$ 43,341,448</u>	<u>\$ 34,789,758</u>			
TOTAL ASSETS	<u>\$ 79,385,005</u>	<u>\$ 79,265,630</u>	TOTAL LIABILITIES & NET POSITION	<u>\$ 79,385,005</u>	<u>\$ 79,265,630</u>

MEMORANDUM

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

From: Mike Wittler

Date: March 20, 2026

Re: KPUB Board Appointment Process—Update and Proposed Improvements

Background and Current Status

At its meeting this morning, the Kerrville City Council appointed David Sprouse to fill the current vacancy on the KPUB Board.

As you are aware, there was some discussion regarding the timing of the Council's action relative to the thirty (30) day period outlined in Section 35 of the 2013 KPUB Bond Ordinance. The Council's appointment occurred one day after that 30-day period.

We consulted with bond counsel (Norton Rose Fulbright) regarding this issue. Bond counsel advised that:

- The Council's appointment is valid; and
- A one-day difference in timing is not material from a bond covenant or investor perspective.

They did note, however, that the timing provisions in the ordinance should be followed closely going forward and not become a recurring issue.

With the appointment now made and confirmed as valid, the vacancy has been filled and no further action is required related to this appointment.

Process Observations

This situation highlighted an opportunity to improve coordination between KPUB and the City to ensure that future appointments can be considered by the City Council within the timeframe contemplated by the Bond Ordinance.

The administrative process we followed has been in place for many years and has worked well historically. However, aligning our internal timeline more closely with the Council's meeting schedule will provide additional flexibility and avoid similar timing constraints in the future.

Proposed Process Improvements

Staff recommends the following adjustments for future Board appointment cycles:

1. Advance Coordination with City Staff

Prior to the KPUB Board's February meeting (e.g., January 2027), staff will notify the City Manager and City Secretary that the Board is beginning its nomination process and provide an anticipated nomination date.

For example:

- Anticipated KPUB Board nominations: February 17, 2027
- Request placement on City Council agenda: February 23, 2027, with a backup of March 9, 2027

This will allow the Council to plan for consideration of the item in advance.

2. Formal Transmittal with Expanded Distribution

Immediately following the KPUB Board's action to nominate candidates, staff will:

- Transmit the nominations to the City Manager and City Secretary;
- Provide copies directly to all City Council members; and
- Include a brief summary of the appointment process and timing requirements established in the Bond Ordinance.

This will ensure all parties have clear visibility of the timeline and requirements.

3. Ad Hoc Interview Committee (Board Discussion Item)

Board Member Glenn Andrews has suggested that the Board consider appointing an ad hoc committee to assist with the applicant review process, including:

- Conducting interviews of applicants; and
- Providing recommendations to the full Board for consideration.

The Board may wish to discuss whether this approach would add value to the process for future appointment cycles. I will include this on the Board agenda next January.

Next Steps

Staff will work with the Board to incorporate these process improvements into the next appointment cycle.

Please let me know if you have any questions or would like to discuss these recommendations further.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wittler". The signature is stylized with a large, sweeping initial "M" and a long, horizontal flourish extending to the right.

Mike Wittler, P.E.