August 20, 2026

OFFICIAL NOTICE

OF A

REGULAR MONTHLY MEETING

The Kerrville Public Utility Board (KPUB) and Kerrville Public Utility Board Public Facility Corporation (KPFC) will hold its Regular Joint Monthly Meeting on Wednesday, August 26, 2026, beginning at 8:00 a.m. The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.

Lidia S. Goldthorn

Lidia S. Goldthorn, Assistant Secretary

AGENDA
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, AUGUST 26, 2026, 8:00 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

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

CALL TO ORDER:

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. CITIZEN/CONSUMER OPEN FORUM:

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

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

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

****Please note: Upcoming KPUB Board Meetings are tentatively scheduled for:***
- ***Wednesday, September 23, 2026, at 8:30 a.m. (one week later than normal)***
- ***Wednesday, October 21, 2026, at 8:30 a.m.***
- ***Wednesday, November 18, 2026, at 8:30 a.m.***
- ***Wednesday, December 16, 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 – CONSULTATION WITH ATTORNEY:

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

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

B. Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – Mike Wittler, CEO

II. <u>EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:</u>

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board and the Kerrville Public Utility Board Public Facility Corporation 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

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

5. <u>CONSENT AGENDA (KPUB and KPFC):</u>

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

5A. APPROVAL OF MINUTES – Approval of the July 15, 2026, Regular Joint Monthly Board Meeting Minutes ……………………………………………………………………………………

5B. KPUB RESOLUTION NO. 26-16 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies ………………

5C. JUNE 2026 QUARTERLY FUNDS REPORT – AMY DOZIER, ASSISTANT GENERAL MANAGER. Acceptance of the June 2026, Quarterly Funds Report as presented to the Investment Committee following the July 15, 2026, Board Meeting …….

5D. APPROVAL AND REPORTING OF PUCHASES AND SALES:

1. Airport Feeder Tie Underground Conduit Construction – Tony Perez, Director of Engineering ……………………………………………………………………………………

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

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

8. **QUARTERLY RELIABILITY REPORT – HOWARD HALL, SUPERVISOR OF FIELD SERVICES:** ……………………………………………………………………………………..

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

   I. **EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:**

   In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board and the Kerrville Public Utility Board Public Facility Corporation will recess for the purpose of deliberating "the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee" regarding the following matter:

   A. Succession Planning for Senior Management of Kerrville Public Utility Board – Mike Wittler, CEO

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

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

MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, JULY 15, 2026, AT 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

TRUSTEES PRESENT:

Glenn Andrew
Rachel Johnston *(via teleconference)*
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.
Mike Wittler, Executive Director (KPFC)

STAFF PRESENT:

Mike Wittler, General Manager and CEO (KPUB)
Amy Dozier, Assistant General Manager
Allison Bueché, Director of Customer and Community Relations
Annette Gonzales, Director of Human Resources
Erin Callan, Accounting Manager
Howard Hall, Field Services Supervisor
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
Gaines Griffin, Davidson Troilo Ream & Garza *(via teleconference)*
Scott Smyth, Davidson Troilo Ream & Garza *(via teleconference)*
Frank Rotondi, Sky Global Partners, LLC *(via teleconference)*
Randall Bird, Sky Global Partners, LLC *(via teleconference)*
Lance Pettigrew, SEnergy *(via teleconference)*
Ryan Thompson, Akin Gump *(via teleconference)*
Cara Morrow, Akin Gump *(via teleconference)*
Matt Williams, Akin Gump *(via teleconference)*

CALL TO ORDER:

Mr. Glenn Andrew, Vice Chairman and Vice President, called the Regular Monthly Meetings to order at 8:31 a.m.

1. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted employee anniversaries for the month of July with a combined service of 14 years. She advised that Amy Dozier received the Kerr County Lead "Women of Distinction" Award. KISD recognized KPUB with a Community Partner Award. KPUB sponsored Kerrville 4th on the River both monetarily and in-kind generator use. KPUB sponsored a community blood drive on June 25th. Ms. Bueché advised a retirement luncheon was celebrated for Vickie Finley on June 25th with 15 years of service. She also advised that KPUB donated 70 box fans to the Salvation Army Social Services Office and Dietert Center. Employees volunteered at the Mobile Food Pantry Event on June 29th. KPUB also sponsored a four-member employee team for the Live Love Like Nay Nay Golf Tournament. KPUB delivered donations from the June sponsored food drive to the Doyle Community Center. Employee volunteers continued to plant and water trees along the river trail. Upcoming volunteer events include the UGRA River Clean up on July 25th. Ms. Bueché announced a future Power Hour Event in partnership with the River Hub (UGRA). Upcoming sponsored events include the Salvation Army Circle of Service on September 15th, Peterson Health Foundation Gala on September 19th, KPSF Tailgate and Trivia Event on October 3rd, and Baubles and Beads "Cancer is the Wurst" event on October 17th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- ***Wednesday, August 12, 2026, at 1:30 p.m. (Strategic Planning Workshop)***
- ***Wednesday, August 26, 2026, at 8:30 a.m. (one week later than normal)***
- ***Wednesday, September 23, 2026, at 8:30 a.m. (one week later than normal)***
- ***Wednesday, October 21, 2026, at 8:30 a.m.***

****Chairman and President Andrew elected to proceed to item number 4 on the Agenda to go into Executive Session. The Board agreed, and Chairman and President Andrew proceeded to item number 4.***

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

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

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

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

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

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss "Consultation With Attorney" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071. Larry Howard, Secretary for KPUB so moved. David Sprouse, Treasurer for KPUB, seconded the motion. Vote was by show of hands. Motion carried 4 – 0. Mr. Howard for KPFC so moved. Mr. Sprouse for KPFC seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

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

A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage

(1) Discussion and Possible Action on Hedging Activities, ERCOT Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss "Competitive Matters" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, Larry Howard, Secretary for KPUB so moved. David Sprouse, Treasurer for KPUB, seconded the motion. Vote was by show of hands. Motion carried 4 – 0. Mr. Howard for KPFC so moved. Mr. Sprouse for KPFC seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

The Boards entered Executive Closed Session at 8:35 a.m. ***Mayor Joe Herring, Jr., entered the meeting at 9:00.*** At 9:38 a.m. Chairman and President Glenn Andrew adjourned the Executive Closed Session and reconvened into Open Session.

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

No public action taken by the Board.

Chairman and President Andrew proceeded to item number 8 on the Agenda.

8. CONSIDERATION AND ACTION ON RESOLUTION NO. 26-14 – AMY DOZIER, ASSISTANT GENERAL MANAGER:

Ms. Dozier advised that in 2025, KPUB contracted with NewGen Strategies and Solutions (NewGen) to perform an Electric Cost of Service and Rate Design Study. The results of the Study, including recommended rate strategies to promote operational resiliency, financial stability, and equitable cost recovery while maintaining customer acceptance and minimizing administrative complexity, were presented to the Board on July 16, 2025, by Grant Rabon of NewGen. The Study recommended revisions to the Residential Customer Charge, Distribution Charge, and Power Supply Charge effective in the first year (FY2026), followed by annual adjustments to the Distribution Charge over a five-year period. However, the Board adopted Resolution No. 25-22 directing staff to defer the fiscal year 2026 rate increase by utilizing up to $3.4 million from the Rate Stabilization Fund to provide economic relief to the community following the July 4, 2025, flood. The temporary deferral is only for fiscal year 2026, making implementation of revised rates in fiscal year 2027 necessary to maintain KPUB's financial integrity and stability. Management now recommends that NewGen's proposed year 1 rate changes be implemented on

November 1, 2026, as follows; Residential Monthly Rate: Customer Charge - Current $15.25, Proposed $16.75; Distribution Charge - $0.01680, Proposed $0.02088; and Power Supply Base Charge - $0.04060, Proposed $0.04543. Monthly Residential Bill: Customer Charge - Current $15.25, Proposed $16.75; Distribution Charge - $16.80, Proposed $20.88; Total Power Supply Charge*- Current $77.95, Proposed $77.95. **Note that the total power supply charge is comprised of a base charge and an adjustment that depends on the actual cost of purchased power. The rates shown in this example reflect the Power Supply Charge in July 2026. The adjustment of the Power Supply Charge can change at any time based on actual power costs.*

Ms. Dozier advised that in addition to the change in rates, NewGen proposed a change in the way the Power Cost Adjustment is calculated. The new approach reflects an industry standard and results in a flat rate per kWh instead of a multiplier. Mr. Dozier provided details of the previous and proposed calculations. Ms. Dozier advised if the Board approves the resolution, the next step in the process is to take the approved resolution along with a City of Kerrville Ordinance to the Kerrville City council for approval. City Council ordinances require two votes, which would be scheduled for August 11, 226, and August 25, 2026. The new rates would be effective November 1, 2026. Ms. Dozier also provided a copy of the resolution, the red-lined tariff and the Electric Cost of Service and Rate Design Study from NewGen for the Board's review. Mr. Howard moved to approve Resolution No. 26-14. Rachel Johnston, Vice Chair, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

9. <u>CONSIDERATION AND ACTION ON RESOLUTION NO. 26-15 – AMY DOZIER, ASSISTANT GENERAL MANAGER:</u>

Ms. Dozier advised that in 2025, KPUB contracted with NewGen Strategies and Solutions (NewGen) to perform an Electric Cost of Service and Rate Design Study. The results of the Study, including recommended rate strategies to promote operational resiliency, financial stability, and equitable cost recovery while maintaining customer acceptance and minimizing administrative complexity, were presented to the Board on July 16, 2025, by Grant Rabon of NewGen. The Study recommended revisions to the Commercial Customer Charge, Distribution Energy Charge, Distribution Demand Charge, and Power Supply Charge effective in the first year (FY2026), followed by annual adjustments to the Distribution Energy and Distribution Demand Charges over a five-year period. However, the Board adopted Resolution No. 25-22 directing staff to defer the fiscal year 2026 rate increase by utilizing up to $3.4 million from the Rate Stabilization Fund to provide economic relief to the community following the July 4, 2025 flood. The temporary deferral is only for fiscal year 2026, making implementation of revised rates in fiscal year 2027 necessary to maintain KPUB's financial integrity and stability. In addition, NewGen recommended that KPUB introduce a new Medium Commercial service class to better differentiate between small and medium commercial customer loads. Customers with billing demands exceeding 25 kW will be reassigned to the Medium Commercial class, which incorporates a dedicated demand charge that more accurately reflects their cost to serve. The remaining customers in the existing Commercial class will be assigned to the Small Commercial class, which will have no demand charge. This reassignment of customers in the existing Commercial class will simplify the rate structure as the rates charged will no longer be different within the same class depending on how much energy is used in any particular month. Finally, NewGen proposed a change in the way the Power Cost Adjustment is calculated. The new approach reflects an industry standard and results in a flat rate per kWh instead of a multiplier. Details of the previous and proposed calculations are attached. Management recommends approval of the attached year 1 rates effective November 1, 2026, as follows; Small Commercial: Customer Charge - Current $31.50, Proposed $33.00; Distribution Energy Charge ($/kWh) - Current $0.01873, Proposed $0.02112; Power Supply Base Charge ($/kWh) - Current $0.04228, Proposed $0.04443. Medium Commercial: Customer Charge - Current $31.50, Proposed $33.00;

Distribution Energy Charge ($/kWh) - Current $0.01523, Proposed $0.01672; Distribution Demand Charge ($/kWh) - Current $1.00, Proposed $1.50; Power Supply Base Charge $/kWh) - Current $0.04228, Proposed $0.04443. Large Commercial - Secondary: Customer Charge - Current $230.00, Proposed $275.00; Distribution Energy Charge ($/kWh) - Current $0.00220, Proposed $0.00580; Distribution Demand Charge - Current $7.50, Proposed $8.00; Power Supply Base Charge ($/kWh) - Current $0.03351, Proposed $0.03643. Large Commercial - Primary: Customer Charge - Current $230.00, Proposed $275.00; Distribution Energy Charge ($/kWh) $0.00287, Proposed 0.00501; Distribution Demand Charge ($/kW) - Current $7.50, Proposed $8.00; Power Supply Base Charge ($/kWh) - Current $0.03030, Proposed $0.03493. **Note that the total power supply charge is comprised of a base charge and an adjustment that depends on the actual cost of purchased power. The rates shown in this example reflect the Power Supply Charge in July 2026. The adjustment portion of the Power Supply Charge can change at any time based on actual power costs.* Ms. Dozier also provided a copy of the resolution, the red-lined tariff and the Electric Cost of Service and Rate Design Study from NewGen for the Board's review. Mr. Howard moved to approve Resolution No. 26-15. Ms. Johnston seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

At 11:17 a.m. Ms. Johnston left the meeting. Chairman and President Andrew proceeded to item number 3 on the Agenda.

3. CONSIDERATION AND POSSIBLE ACTION ON ANNUAL FUNDING REQUEST FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – TODD BOCK, EXECUTIVE DIRECTOR:

Mr. Todd Bock of KerrEDC advised the budget was approved with $50,000.00, which was the same as last year. Mr. Bock presented the stakeholder update and budget report summary. He highlighted current recruitment projects, and business retention and expansion projects. Mr. Bock also went over the KEDC grant funding summary for the KERRTOGETHER Program. Board members thanked Mr. Bock for his presentation.

Chairman and President Andrew proceeded to item number 6 on the Agenda.

6. CONSENT AGENDA:

Mr. Howard made a motion for KPUB and KPFC to accept items on the consent agenda as presented. Mr. Sprouse seconded the motions. Vote was by a show of hands. Motions carried 4 – 0.

6A. APPROVAL OF MINUTES.

6B. KPUB RESOLUTION NO. 26-13 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies.

6C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Jack Furman Transmission Tariff Change Order (Tony Perez)

END OF CONSENT AGENDA

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

Ms. Dozier presented the final financial statements for the month ending June 30, 2026. Highlights for KPUB included a $3.8M increase in net position; $35.0M in operating revenue; $2.4M in rate stabilization transfer; $33.7M in operating expense; $1.3M in operating income; $408K in nonoperating income; $17M in capital contributions; $229M in over collection of power cost adjustment as of June 30, 2026; and $49.7M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned an annualized blended rate of 3.74% in June. Highlights for KPFC included $57.8M in generation project costs, including capitalized interest, shown as Capital Assets as of June 30, 2026; $24.8M balance in the Construction Fund as of June 30, 2026, representing unspent proceeds from the 2025A (open market) bond issuance. In June, KPFC completed its first monthly construction draw ($7.5M) from the Texas Energy Fund. Going forward, KPFC will continue to make monthly draws. In addition, a quarterly listing of vendor payments over $10,000, and a quarterly listing of payments to a single vendor that have totaled over $10,000 in the past 12 months were included for the Board's review. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

Chairman and President Andrew proceeded to item number 10 on the Agenda.

10. ADJOURNMENT

Chairman and President Andrew adjourned the Regular Board Meetings at 11:44 a.m.

Date Approved: ___________________________ ____________________________________

Glenn Andrew, Chair

ATTEST

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Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Erin Callan

Date: August 20, 2026

Re: Agenda Item No. 5B – Resolution No. 26-12

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 July 10, 2026 and August 20, 2026 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power/Equipment:				
1	ERCOT	CRR Auction	$444,449.43	07/14/2026
2	Concho Bluff	June 2026	77,952.08	07/17/2026
3	NextEra	June 2026	469,400.00	07/20/2026
4	CPS Energy	June 2026	1,325,076.24	07/20/2026
5	DG Solar	June 2026	26,836.07	07/27/2026
6	ERCOT	CRR Auction	77,693.46	07/28/2026
7	Engie	June 2026	85,112.12	07/30/2026
8	LCRA	June 2026	705,559.66	08/03/2026
9	Lonestar Forklift	Forklift	41,860.00	08/07/2026
10	ERCOT	CRR Auction	365,481.80	08/11/2026
11	Concho Bluff	July 2026	113,125.02	08/20/2026
12	NextEra	July 2026	485,088.00	08/20/2026
Payroll:				
1	Payroll	Pay period ending 07/11/2026	176,040.87	07/17/2026
2	Payroll	Pay period ending 07/25/2026	203,988.23	07/31/2026
3	Payroll	Pay period ending 08/08/2026	177,014.77	08/14/2026
4	Payroll Taxes	Pay period ending 07/112026	58,152.17	07/22/2026
5	Payroll Taxes	Pay period ending 07/25/2026	71,021.03	08/05/2026
6	Payroll Taxes	Pay period ending 08/08/2026	59,222.37	08/19/2026
Employee Benefits:				
1	TX Health Benefits	Health Insurance – August	101,359.77	08/03/2026
2	TMRS	Pension - July Payroll	163,960.34	08/05/2026
Investment Transfers:				
1	Happy State Bank	Investment Transfer	1,450,000.00	07/10/2026
2	Happy State Bank	Investment Transfer	900,000.00	07/17/2026

3	Happy State Bank	Investment Transfer	1,225,000.00	07/24/2026
4	Happy State Bank	Investment Transfer	1,670,000.00	07/31/2026
5	Happy State Bank	Investment Transfer	450,000.00	08/07/2026
6	Happy State Bank	Investment Transfer	500,000.00	08/14/2026

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

Sincerely,

Erin Callan
Assistant Director of Finance

RESOLUTION NO. 26-16

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 26th day of August, 2026

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Glenn Andrew, Chair

ATTEST:

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Larry Howard, Secretary

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: August 20, 2026

Re: Agenda Item No. 5C – Quarterly Funds Report

Attached please find the quarterly funds report for KPUB and KPFC.

As of June 30, 2026, KPUB held $49.7M in municipal investment pools and a demand account at Happy State Bank. Funds are spread between four accounts with the largest position ($19.1M) held at an investment pool called LOGIC. All KPUB accounts at Happy State Bank are fully collateralized. Investment pool accounts are similar to constant dollar money market accounts and are approved investments under the Public Funds Investment Act. All investment accounts are completely liquid and earned a combined annualized return of 3.74% for the quarter ended June 30, 2026.

As of June 30, 2026, US Bank, the trustee for KPFC, held $28.8M. All funds were invested in State Street Institutional US Government Money Market Fund (OPGXX). Annualized return for the quarter was 3.54%. OPGXX is AAA rated and compliant with the Public Funds Investment Act and the KPFC investment policy.

The quarterly reports were distributed to the Investments Committee in July. Due to continuing needs for liquidity and safety, no changes to our current strategy are recommended.

I am happy to answer any questions regarding this report.

Sincerely,

Amy Dozier

Amy Dozier
Assistant General Manager

Kerrville Public Utility Board
Quarterly Investment Report
Quarter Ended June 30, 2026

Certification Statement:
We certify that the information contained herein presents fairly the investment position as of the date reported, and that all investments were made in compliance with the Public Funds Investment Act (Texas Govt Code Chapter 2256) and with KPUB's investment strategy as documented in KPUB's Investment Policy.

Prepared and Attested by:

Amy Dozier
Amy Dozier
Assistant General Manager
July 9, 2026

Erin Callan
Erin Callan
Accounting Manager
July 9, 2026

Kerrville Public Utility Board
Quarterly Investment Report
Quarter Ended June 30, 2026

Summary Statement

Investments by Fund:

	Description	Beginning Balance 3/31/2026 Book Value and Market Value	Ending Balance 6/30/2026 Book Value and Market Value	% Allocation	Qtrly Rate	Interest Income (Accrual Basis)
1	Revenue Fund	$ 36,189,678	$ 35,091,341	71%	3.78%	$ 329,310
2	Construction Fund	1,719,716	1,735,810	3%	3.78%	16,094
3	Rate Stabilization Fund	2,263,141	2,284,320	5%	3.78%	21,179
4	Long Term Rate Stabilization	5,885,254	5,940,330	12%	3.78%	55,076
5	Debt Reserve	-	-	0%	-	-
6	Interest & Sinking Fund	224,967	330,487	1%	3.78%	2,342
7	Emergency, Repair, Replace & Cont. Fund	4,231,574	4,271,174	9%	3.78%	39,601
	TOTAL	$ 50,514,330	$ 49,653,463	100%		$ 463,602

Investments by Security:

	Description	Beginning Balance 3/31/2026 Book Value and Market Value	Ending Balance 6/30/2026 Book Value and Market Value	% Allocation	Qtrly Rate	Interest Income (Accrual Basis)
1	TexPool	$ 5,365,179	$ 5,414,056	11%	3.64%	$ 48,877
2	LOGIC	17,516,084	19,110,419	38%	3.76%	175,985
3	Texas CLASS	18,328,182	19,087,199	38%	3.77%	177,367
4	Happy State Bank - Investment	9,304,885	6,041,790	12%	3.69%	61,374
		$ 50,514,330	$ 49,653,463	100%		$ 463,602

Investment Rate Analysis:

	Investment	Quarterly Rate	Monthly Rate April	Monthly Rate May	Monthly Rate June
	Overall Yield	3.74%	3.75%	3.73%	3.74%
1	TexPool	3.64%	3.66%	3.62%	3.65%
2	LOGIC	3.76%	3.78%	3.75%	3.75%
3	Texas CLASS	3.77%	3.78%	3.75%	3.77%
4	Happy State Bank - Investment	3.69%	3.69%	3.68%	3.71%
	Comparison Yields:				
	Three Month Treasury	3.73%	3.70%	3.69%	3.81%
	Six Month Treasury	3.79%	3.72%	3.77%	3.87%

Kerrville Public Utility Board
Quarterly Investment Report
Quarter Ended June 30, 2026

Activity by Fund:

	Investment	Book Value and Market Value 3/31/26	Increases	Decreases	Book Value and Market Value 6/30/26
1	Revenue Fund	36,189,678	8,634,921	(9,397,647)	35,091,341
2	Construction Fund	1,719,716	16,094	-	1,735,810
3	Rate Stabilization Fund	2,263,141	21,179	-	2,284,320
4	Long Term Rate Stabilization	5,885,254	55,076	-	5,940,330
5	Debt Reserve	-			-
6	Interest & Sinking Fund	224,967	134,980	(29,461)	330,487
7	Emergency, Repair, Replace & Cont. Fund	4,231,574	39,601	-	4,271,174
	Total Invested Funds	$ 50,514,330	$ 8,901,851	$ (9,427,107)	$ 49,653,463

KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended June 30, 2025

Certification Statement:

We certify that the information contained herein presents fairly the investment position as of the date reported, and that all investments were made in compliance with the Public Funds Investment Act (Texas Govt Code Chapter 2256) and with KPUB Public Facility Corporation's investment strategy as documented in KPUB Public Facility Corporation's Investment Policy.

Prepared and Attested by:

Amy Dozier

Amy Dozier
Assistant General Manager
July 9, 2026

Erin Callan

Erin Callan
Accounting Manager
July 9, 2026

KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended June 30, 2026

Summary Statement

Investments by Fund:

	Description	Beginning Balance 3/31/2026 Book Value and Market Value	Ending Balance 6/30/2026 Book Value and Market Value	% Allocation	Qtrly Rate	Adjusted Interest Earnings: Interest Received	Less: Prior Qtr Accrual	Plus: Current Qtr Accrual	Adj Interest Earnings
1	2025A Debt Service Fund	$ 1,581	$ 1,595	0%	3.54%	$ 14	$ (5)	$ 5	$ 14
2	2025A Construction Fund	28,046,899	24,772,332	86%	3.54%	245,005	(88,224)	58,005	214,787
3	2025A Construction Fund Capitalized Interest	5,895,782	4,026,880	14%	3.54%	44,185	(17,883)	11,732	38,033
4	2025A Construction Fund COI Account	9,474	2,544	0%	3.54%	70	(29)	7	48
	TOTAL	$ 33,953,736	$ 28,803,351	100%		$ 289,274	$ (106,140)	$ 69,748	$ 252,882

Investments by Security:

1	State St Inst US Gov-OPGXX-AAAm rating	$ 33,953,736	$ 28,803,351	100%	3.54%	$ 289,274	$ (106,140)	$ 126,085	$ 252,882

Investment Rate Analysis:

Investment	Quarterly Rate	Monthly Rate: April	May	June
Overall Yield	3.54%	3.56%	3.52%	3.54%
State St Inst US Gov-OPGXX-AAAm rating	3.54%	3.56%	3.52%	3.54%
Comparison Yields:				
Three Month Treasury	3.73%	3.70%	3.69%	3.81%
Six Month Treasury	3.79%	3.72%	3.77%	3.87%
TexPool Local Government Investment Pool	3.69%	3.66%	3.62%	3.65%

KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended June 30, 2026

Activity by Fund:

	Investment	Book Value and Market Value 3/31/26	Increases	Decreases	Book Value and Market Value 6/30/26
1	2025A Debt Service Fund	$ 1,581	$ 1,913,102	$ (1,913,088)	$ 1,595
2	2025A Construction Fund	28,046,899	245,005	(3,519,572)	24,772,332
3	2025A Construction Fund Capitalized Interest	5,895,782	44,185	(1,913,088)	4,026,880
4	2025A Construction Fund COI Account	9,474	70	(7,000)	2,544
	Total Invested Funds	$ 33,953,736	$ 2,202,362	$ (7,352,747)	$ 28,803,351

MEEDER PUBLIC FUNDS

Monthly Commentary

June 2026

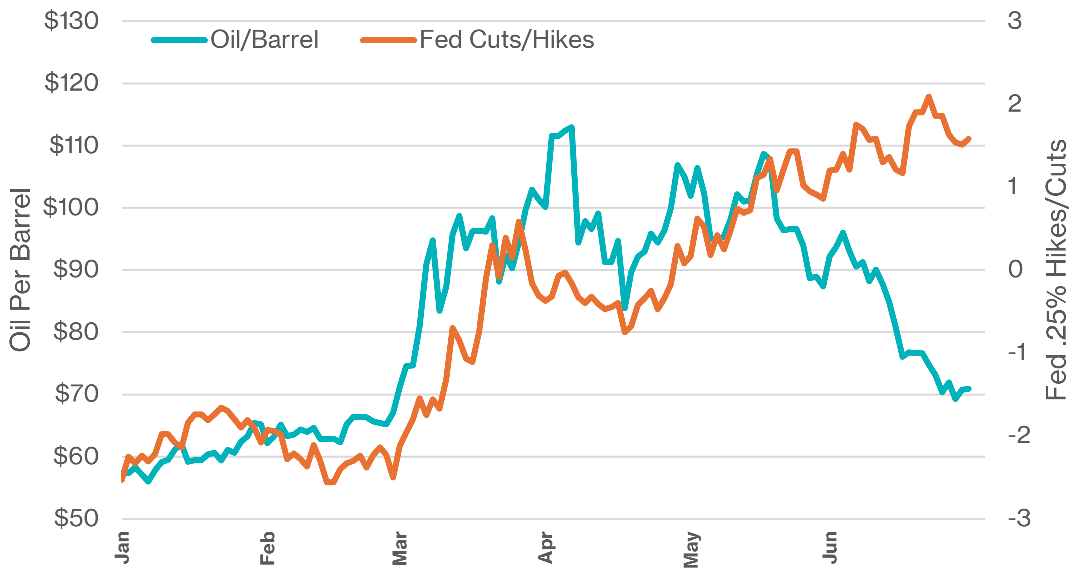
MEEDER
PUBLIC FUNDS

OBSERVATIONS AND EXPECTATIONS

- The Fed delivers a hawkish tone at the June FOMC meeting
- Headline CPI is at the highest level since 2023 primarily due to energy price increases
- U.S. economic growth looks strong for the second quarter of 2026
- Shorter-term interest rates increased in June with a Fed hike projected later this year

- At the end of February (prior to the Iran conflict), the futures market was pricing in approximately 2.5 quarter point cuts by December 2026.
- At the end of June, futures market data were projecting the Fed to hike later this year.

Price of Oil vs. Number of Fed Hike/Cuts Over the Next 12 Months



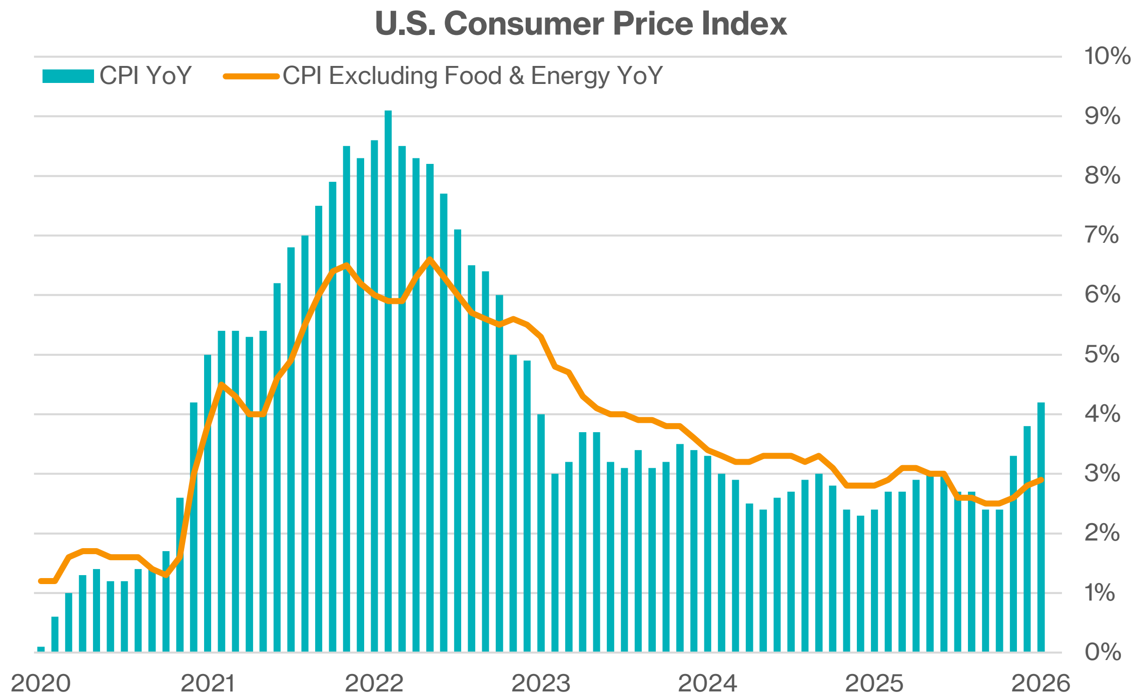
SOURCE: BLOOMBERG

Real GDP QoQ

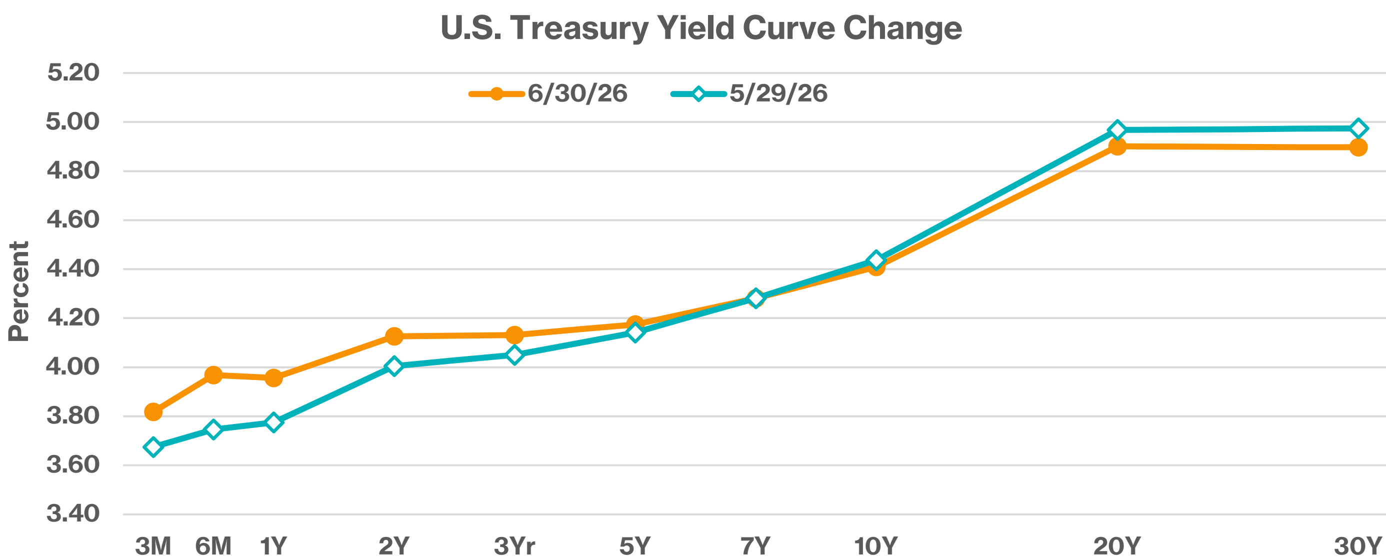
SOURCE: BLOOMBERG

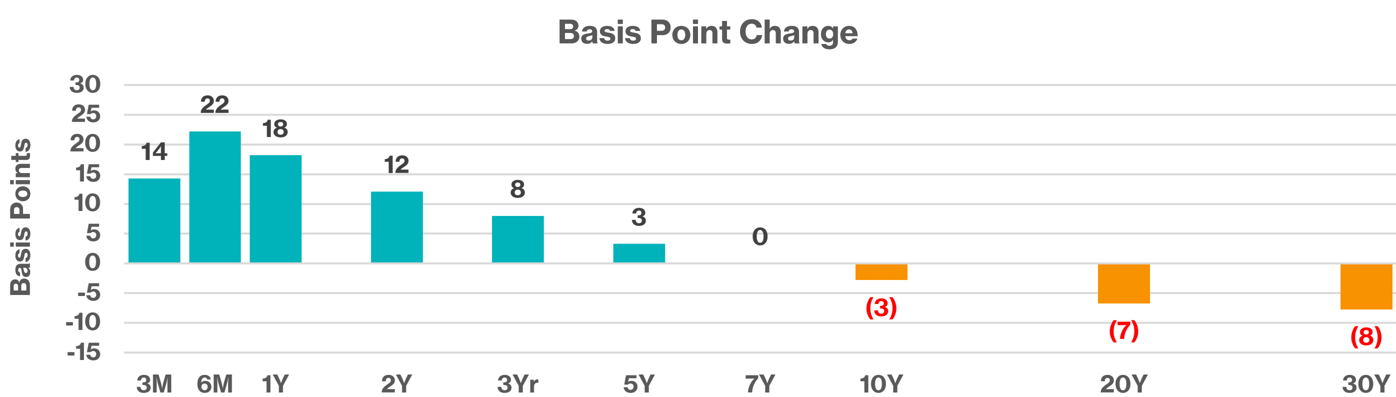
- Q1 2026's GDP was recently revised up from 1.6% to 2.1%.
- This growth surge was primarily driven by lower imports and stronger business investment, even though underlying consumer spending was weak.
- Q2 2026 GDP is projected by Bloomberg surveyed economists to be 2.5%.

- U.S. inflation data released in May, accelerated to the fastest pace since 2023.
- A surge in energy prices accounted for most of the recent advance.
- However, the recent decline in oil prices should push inflation's rate of change lower for June.



SOURCE: BLOOMBERG





SOURCE: BLOOMBERG

MEEDER
PUBLIC FUNDS

866.633.3371 | meederpublicfunds.com

0250-MPF-4/12/24

MEMORANDUM

To:	Glenn Andrew Rachel Johnston Larry Howard David Sprouse Mayor Joe Herring, Jr.
From:	Tony Perez
Date:	August 18, 2026
Re:	Agenda Item No. 5D – Airport Feeder Tie Conduit Construction Contract

---

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

We have reviewed the four responses for the Request for Construction Services for the Airport Feeder Tie Conduit Construction Project. This project involves boring under the airport runway to install conduit for a feeder tie between Legion Substation and Raymond Barker substation, and installation of communication conduit for KPUB fiber that will support the Guadalupe River flood warning system under the Texas Middle Mile Grant. This project is needed to provide switching capability between the Legion and Raymond Barker substations for routine and emergency operations. A summary of the construction bids received is provided below:

Construction Firm	**Cost Estimate**
Greenstone Electrical Services, LLC.	$555,556.28
Bartek Construction Company	$1,575,206.00
Dig Tech Inc.	$807,406.50
DAS Underground Utilities, LLC.	$509,626.00

KPUB's engineer of record for the project, SEnergy, has evaluated the construction bids and recommends DAS Underground Utilities, LLC. for this project. SEnergy's recommendation letter is attached. I have reviewed these bids and construction schedules and also recommend awarding this contract to DAS Underground Utilities, LLC.

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

Thank you,

Tony Perez

Tony Perez
Director of Engineering

August 19, 2026

To Whom It May Concern,

Re: **Airport Feeder Tie** (R-3574)
Bid Proposal Recommendation

KPUB received and evaluated bids for the Airport Feeder Tie Project using a weighted evaluation process that considered purchase price, contractor reputation, and quality of goods and services. The evaluation criteria were weighted as follows: Purchase Price (80%), Reputation of Bidder/Goods/Services (10%), and Quality of Goods/Services (10%). Four contractors submitted bids for consideration:

Contractor	Bid Amount	Evaluation Score	Rank
DAS Underground Utilities LLC	$509,626.00	100	1
Greenstone Electrical Services LLC	$555,556.28	84	2
Dig Tech Inc	$807,406.50	68	3
Bartek Construction Company	$1,575,206.00	28	4

Following review of all submissions, DAS Underground Utilities LLC achieved the highest overall weighted score of 100 points and submitted the lowest bid of $509,626.00. The contractor received the highest ratings in all evaluated categories and demonstrated a strong reputation and proven capability to perform the required work. Additionally, SEnergy has previously worked with DAS Underground Utilities LLC and is currently working with the contractor on other electrical projects for KPUB.

Based on the evaluation results and supporting information, it is my recommendation that the Airport Feeder Tie Project be awarded to DAS Underground Utilities LLC as the bidder offering the best overall value to KPUB and the project.

Respectfully,

Chris Harper, P.E.

TX Reg. Firm # F-1594

Municipal Contractor Bid Evaluation Template

Purpose

This workbook provides a reusable framework for evaluating contractor bids using customizable criteria and weights. Criteria and weighting should be adjusted based on the municipality, project, and applicable solicitation requirements.

How to Use the Workbook		
1	Criteria & Weight	Select which criteria apply and enter the evaluation weights
2	Weight Check	Confirms the applicable evaluation weights total 100%
3	Scorecard	Enter Bidder information and rate each applicable criterion from 1 - 5.
4	Summary	Review final weigthed scores, rankings, and overall evaluation notes.

1-5 Qualitative Rating Guide		
5	Excellent	Clearly Exceeds the requirement / strong evidence
4	Very Good	Fully meets requirment with meaningful strengths
3	Acceptable	Meets the requirement
2	Marginal	Partially Meets / notable concerns
1	Poor	Does not adequately meet the requirement

Important Notes	
Weights	Enter and revise weights only on the Criteria & Weight tab. The Scorecard should pull those values automatically.
Applicability	Criteria marked should receive no evaluation weight or scoring consideration.
Project-Specific	Review criteria, weights, and scoring approach for each municipality/project before use.
Safety Record	Use only when appropriate for the specific solicitation and municipality requirements.

Municipal Contractor Bid Evaluation Scorecard

Municipility / Client	KPUB
Project / Solicitation	Airport Feeder Tie
Evaluator	Chris Harper
Evaluation Date	8/19/26

How to use Scorecard

Enter bidder information and rate each applicable qualitative criterion from 1–5. Weighted scores and totals calculate automatically.

	Bartek Construction Company	*DAS Underground Utilites LLC*	*Dig Tech Inc*	*Greenstone Electrical Services*
Total Bid Amount	*$ 1,575,206.00*	*$ 509,626.00*	*$ 807,406.50*	*$ 555,556.28*

Evaluation Criterion	Weight %	Bidder 1		Bidder 2		Bidder 3		Bidder 4		Evaluator Notes
		Rating (1-5)	Weighted Score	Rating (1-5)	Weighted Score	Rating (1-5)	Weighted Score	Rating (1-5)	Weighted Score	
Purchase Price	80%	1	16	5	80	3	48	4	64	
Reputation of Bidder / Goods / Series	10%	3	6	5	10	5	10	5	10	
Quality of Goods / Services	10%	3	6	5	10	5	10	5	10	
Total	**100%**	**Bidder 1 Total 28**		**Bidder 2 Total 100**		**Bidder 3 Total 68**		**Bidder 4 Total 84**		**Notes**

Bidder Comments / Supporting Evidence

Bidder 1 - Comments / Strengths / Concerns

Senergy is not familiar with contractor's work and have not had the opportunity to work with them. Highest Bid.

Bidder 2 - Comments / Strengths / Concerns

Senergy has worked with contractor previously. Currently working with KPUB on other electrical projects. Lowest Bid.

Bidder 3 - Comments / Strengths / Concerns

Senergy has worked with contractor previously.

Bidder 4 - Comments / Strengths / Concerns

Senergy has worked with contractor previously. Completed previous KPUB Airport power/fiber project along Airport Loop.

Bid Evaluation Summary

Municipility / Client	KPUB
Project / Solicitation	Airport Feeder Tie
Evaluator	Chris Harper
Evaluation Date	8/19/2026
Critreria Weight Total	100%

Highest Scoring Bidder
DAS Underground Utilites LLC
Final Score
100 / 100

Bidder	Bid Amount	Final Weighted Score	Rank	Overall Notes
Bartek Construction Company	$ 1,575,206.00	28	4	
DAS Underground Utilites LLC	$ 509,626.00	100	1	Recommended
Dig Tech Inc	$ 807,406.50	68	3	
Greenstone Electrical Services LLC	$ 555,556.28	84	2	

Evaluation Summary
It is recommend to award the project to DAS Underground Utilities LLC.

KPUB

BID OPENING LOG SHEET

Reference Bid Document Airport Feeder Tie

Bid Opening Date & Time:
8-7-26 2:00 pm Central

Company Name	Representative Signature	Bid Amount	Exceptions noted	Comments
GreensTone	N/A	$555,556.28		
BarTek	N/A	1,575,206.00		
Dig-Tech Inc.	N/A	807,406.50		
DAS Underground UTiliTies	N/A	509,626.00		

Witness: Darren Richardson

Witness:

FOR BID

KERRVILLE PUBLIC UTILITY BOARD

BID DOCUMENT

AIRPORT FEEDER TIE

R-3574

PREPARED BY

SENERGY™

POWERED BY SCHNEIDER ENGINEERING

TX REG. # F-1594

JULY 2026

TABLE OF CONTENTS

<u>SPECIFICATIONS FOR CONSTRUCTION</u>

Section 1. Scope of Work.

Section 2. Materials.

Section 3. Material Procurement and Equipment Submittal.

Section 4. Manuals, Drawings and Data.

***Section 5. D*escription of Construction Units.**

Additional description to one or more of the Groups may be provided by the Engineer if deemed necessary to clarify the intent of these Specifications for Construction.

Group A. ***Power Installation Cost***

Group B. ***Fiber Installation Cost***

Group C. ***Power and Fiber Shared Cost***

SECTION 1.   SCOPE OF WORK

Owner proposes to retain a highly qualified, capable firm to act as its general contractor for construction of the Project. Firms who participate in this RFB are sometimes referred to as "Bidders," "Respondents," and "Offerors." Owner shall give prime consideration to the Offerors with significant, current experience in the management and construction of similar projects. Experience in construction of similar types of projects is essential.

The work covered by this Proposal consists of extending the existing overhead lines from RB50 around the northside of the airport, including upgrading existing overhead lines to the end of the existing line east of the airport.

From this point the proposed line will be underground and continue the airport property. Open trench will be used to a point where the line will transition to an underground bore under the runway. The route and location of the bore pits will be confirmed with the airport prior to proceeding with final designs.

Finally, the line will transition to overhead and follow the northern property fence to the existing three phase line LE50.

A communications conduit will be installed along the east side of the runway, beginning at the intersection of Airport Loop and Highway 27 and running parallel to the existing underground electric distribution system. At the current termination point of the underground electric distribution facilities, the system will be extended to a new riser pole location. The proposed communications conduit will be installed concurrently with the underground electric distribution extension as part of the same construction effort.

All material furnished by the Bidder shall be new and in conformance with the Specifications for Construction. All construction work shall be done in a thorough and workmanlike manner in accordance with the Plans, Specifications for Construction and Construction Drawings. Deviations from the Plans, Specifications for Construction, and Construction Drawings shall not be permitted except upon the written permission of the Owner.

A. General

These specifications are intended to describe the detailed requirements for the construction of civil works for the Airport Feeder Tie project. Civil work to be completed in 2026.

B. Project Drawings

25KPB30-R3574-200 PROJECT COVER SHEET AND DRAWING LIST
25KPB30-R3574-212 UNDERGROUND DISTRIBUTION PLAN (SHEET 1 OF 2)

25KPB30-R3574-213 UNDERGROUND DISTRIBUTION PLAN (SHEET 2 OF 2)
25KPB30-R3574-214 VAULT DETAILS
25KPB30-R3574-215 BORE SPACER DETAILS

C. **Description**

1. Location – Airport Feeder Tie, 1877 Airport Loop, Kerrville, TX 78028
2. Work to be completed in this project:
   a. Installation of conduit risers on Poles P52, P50 and P4.
   b. Trench as place conduits from risers to bore pits
   c. Install splicing vaults
   d. Bore approximately 747’ runway crossing and place seven 4” and 1 2” conduits inside grout backfilled steel casing.
   e. Any other work as shown in the drawings, but not listed here.

D. **Contractor’s Responsibility**

The Contractor shall be responsible for but not limited to the following work.

1. Acceptance of and delivery to the project of all Owner-furnished material and equipment. The Contractor shall be responsible for all material at the project site.
2. Furnish all labor and equipment necessary to construct and complete the project as specified in the engineering drawings. This is to include but not limited to the following:
   a. All concrete work.
   b. All structural requirements.

   The Contractor shall check all work carefully and advise the Owner if any errors or omissions are discovered. The Contractor shall not take advantage of any errors, discrepancies, or omissions. If the Contractor finds any discrepancy between the manufacturer's model numbers and the given descriptions or any discrepancy between the manufacturer's model numbers and contact development on the schematics or drawings, it shall be his duty to immediately notify the Engineer in writing. Instructions will be furnished by the Owner should any error, discrepancy or omission in the plans be discovered.
3. Contractor shall be responsible to insure that all gates are kept locked or as specified by the Owner.
4. Craftsmanship and workmanship in the installation of jumpers, leads, ground leads, cables and conduits are considered extremely important. These items should be installed with smoothly formed bends and with any adjacent runs similarly shaped to complete a uniform and professional appearance. The appearance shall meet with the satisfaction of the Owner.

5. The Contractor shall be available for project clean-up for two weeks following submittal of "As-Built" drawings to the Engineer and Owner.

E. Sequence of Construction

1. The Contractor shall coordinate with the Owner for any outages on any transmission and distribution lines as necessary to facilitate construction.

2. The Owner shall provide outages on transmission and distribution lines as necessary.

SECTION 2. MATERIALS

Items of material in each Construction Unit shall be of the designated size, rating, type, voltage, or other specification in accordance with the drawings. The construction drawings should contain adequate identification of the Construction Unit under which the material is to be installed and should show what items of material may be partly or entirely found in the lists of Owner-furnished materials.

It is the intent of these specifications that insofar as materials required are included in the Rural Utilities Service "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," such material only shall be used. In the event that any materials are required beyond the scope of the "List of Materials Acceptable for use on Systems of RUS Electrification Borrowers," specifications for such material will be included on the drawings or in a supplement to these specifications.

A. The Contractor shall provide all labor, tools, supervision, and construction material as necessary to construct the project. The Contractor shall provide typical construction equipment such as forms, nuts, bolts, nails, bracing and tying material, etc. as needed to construct the project in a neat and orderly manner.

B. The Contractor shall be responsible for transporting the equipment and structures to the job site. The Contractor shall be responsible for taking delivery of equipment and structures, unloading the equipment and structures at the job site and any subsequent uncrating or unbundling. Any loss or breakage of the equipment or structures that occurs after the Contractor has accepted delivery of the structures shall be at the expense of the Contractor. The Contractor shall be responsible for erecting, setting on and securing to the foundation, assembling and adjusting all equipment and structures except as noted.

C. The Contractor shall be responsible for either the repair or replacement cost of any Owner equipment or material damaged by the Contractor (repair or replacement decision to be made by the Owner and be charged to the Contractor at the Owner's cost). Note that this shall include Owner-furnished material that the Contractor has accepted delivery on and for which the Contractor has not specifically accepted delivery

D. For Contractor-furnished material, the Contractor may provide equipment equivalent in quality, appearance and utility to the items as specified in the detailed specifications. Any such equivalent items must be submitted in writing to the Engineer/Owner for approval. Submit complete technical data, including drawings and complete performance specifications. The Contractor shall be responsible for the execution of any changes in his own work, or the work of subcontractors caused by substitution. The use of a substitution shall not move forward until the Engineer/Owner has approved the substitution in writing.

E. The purchasing and receipt of all materials is the responsibility of the Contractor. Contract extension time will not be considered for delays caused by late delivery of materials.

F. All material and equipment received by the Contractor shall be inspected for damage, integrity, quantity, and compliance with the Drawings, List of Material and specifications including approved Submittals. The Contractor shall verify that each piece of equipment specifically meets the specifications. Items received that do not correspond with the specifications shall be immediately brought to the attention of the Engineer/Owner.

G. Actions shall be taken immediately to correct any insufficiencies discovered upon inspection. A report shall be made immediately to the Engineer/Owner in the event subsequent action shall involve a time delay. The Owner shall have final authority to determine the extent of time, if any, that the project completion date may be extended.

SECTION 3. MATERIAL PROCUREMENT AND EQUIPMENT SUBMITTALS

All equipment and manufactured items, including vaults, conduits, concrete mix designs and all Bill of Material items, whether Contractor-furnished or Owner-furnished, will be as shown on the Project Drawings, and be submitted for approval to the Engineer. The Contractor or manufacturer shall wait for Engineer's approval before material is procured or fabrication is to begin.

SECTION 4. MANUALS, DRAWINGS, AND DATA

The Manuals, Drawings and Specifications collectively, show the specifications of the material and equipment shown thereon, and include schedules of conduit, cable and other items not readily ascertained from the picture drawings. Schedules shall include quantities, sizes, types, method of installation, construction details, and other pertinent information clearly indicated. Manufacturer's instructions, directions or specifications should be followed on all manufactured materials, products, processes and equipment. The drawings and specifications in the attached List of Drawings are made a part of these Construction Specifications.

A. All manufactured materials, products, processes, equipment, or the like shall be installed or applied in accordance with the manufacturer's instructions, directions, or Specifications.

B. Any deviation from the manufacturer's printed recommendations shall be explained, and acknowledged as correct for the circumstances, in writing by the particular manufacturer. The Contractor will be held responsible for all installations contrary to the manufacturer's recommendations. If any item of material or equipment is found to be installed not in accordance with the manufacturer's recommendations, the Contractor shall make all changes necessary to achieve such compliance.

SECTION 5. DESCRIPTION OF CONSTRUCTION UNITS

GROUP A

Unit A1.1 Underground Three Phase Electrical Vault (Contractor Labor and Material)

This unit consists of the installation of underground electrical vaults at the locations shown on the plans and in accordance with project specifications. Work shall include excavation, furnishing and placing the vault, installation of conduit entries, grounding, backfilling, and surface restoration, as well as all labor, materials, equipment, and incidentals necessary to complete the work. The Contractor shall install grounding within the vault in accordance with the National Electrical Code (NEC) and project requirements. Ground rods, grounding conductors, and bonding connections shall be installed as shown on the plans.

Unit A1.2 4” Conduit (Contractor Labor and Material)

This unit consists of installing all 4” conduit per the Conduit layout drawings. The Contractor shall provide all primary conduits, fittings, connectors, elbows, straps, and any other items necessary to complete this unit. The Contractor shall install an **1800 lbs.** pull string in all conduit runs, cap each end and color code for future cable installation. All conduits shall be Schedule 40 electrical grade PVC buried at a minimum depth as indicated on detail drawings. Conduit ends in transformers and sectionalizing cabinets will be flush with interior wall, concrete encased with duct bell terminators or beveled to remove all sharp edges. The Contractor shall be responsible for providing all conduits, all the labor and materials associated with the installation of all conduits as indicated in the specifications and drawings to complete this unit. The City of Kerrville will install riser poles and provide first bracket mount. The Contractor shall be responsible for installing bracket and stubbing all conduits up to that point. Pricing shall be on a per foot basis per duct configuration.

Unit A1.3 4” Conduit Sweeps (Contractor Labor and Material)

This unit consists of installing 4-inch diameter underground conduit sweeps which will be utilized for the power cables. Sweeps shall be **48” radius**, schedule 80 PVC, and compatible with the installed conduit system. Sweeps shall be securely connected to horizontal conduit runs and installed to provide smooth directional transitions from underground to vertical rises (e.g., risers, pull boxes, or equipment). Installations shall maintain proper alignment, minimum bending radius, and avoid kinking or deformation. All conduit sweeps shall be set at the required depth, properly supported, and backfilled in accordance with project specifications. Contractor shall ensure the interior of conduits remains clean and free of debris, ends are capped, and shall provide pull tape in all installed conduits.

GROUP B

Unit B1.1 Trenching (Fiber) (Contractor Labor and Material)

This unit consists of all excavations that must be completed for proper installation of underground conduit for fiber facilities as per the approved for construction plans. The Contractor shall install the appropriate warning tape for the fiber (orange). The Contractor shall be responsible for providing all the labor, equipment, and materials associated with completing this unit as indicated in the specifications and detail drawings.

Unit B1.2 2” Conduit (Contractor Labor and Material)

This unit consists of installing all 2” conduit per the Conduit layout drawings. The Contractor shall provide all primary conduits, fittings, connectors, elbows, straps, and any other items necessary to complete this unit. The Contractor shall install a **1000 lbs.** pull string in all conduit runs, cap each end and color code for future cable installation. All conduits shall be Schedule 40 electrical grade PVC buried at a minimum depth as indicated on detail drawings. Conduit ends in transformers and sectionalizing cabinets will be flush with interior wall, concrete encased with duct bell terminators or beveled to remove all sharp edges. The Contractor shall be responsible for providing all conduits, all the labor and materials associated with the installation of all conduits as indicated in the specifications and drawings to complete this unit. The City of Kerrville will install riser poles and provide first bracket mount. The Contractor shall be responsible for installing bracket and stubbing conduits 18” above grade. Pricing shall be on a per foot basis per duct configuration.

Unit B1.3 2” Conduit Sweeps (Contractor Labor and Material)

This unit consists of installing 2-inch diameter underground conduit sweeps which will be utilized for fiber. Sweeps shall be **36” radius**, schedule 80 PVC, and compatible with the installed conduit system. Sweeps shall be securely connected to horizontal conduit runs and installed to provide smooth directional transitions from underground to vertical rises (e.g., handholes, pull boxes, or equipment). Installations shall maintain proper alignment, minimum bending radius, and avoid kinking or deformation. All conduit sweeps shall be set at the required depth, properly supported, and backfilled in accordance with project specifications. Contractor shall ensure the interior of conduits remains clean and free of debris, ends are capped, and shall provide pull tape in all installed conduits.

Unit B1.4 Fiber Handhole (Contractor Labor)

This unit consists of the installation underground fiber handholes at the locations shown on the plans and in accordance with project specifications. Work shall include excavation, placement of the handhole, conduit entry installation, backfilling, surface restoration, and all labor, materials, equipment, and incidentals necessary to complete the work. The City of Kerrville will provide fiber handholes to be installed.

GROUP C

Unit C1.1 Trenching (Power and Fiber) (Contractor Labor and Material)

This unit consists of all excavations that must be completed for proper installation of shared underground conduit and electrical facilities as per the approved for construction plans. The Contractor shall install the appropriate warning tape for the power (red) and fiber (orange), respectively. The Contractor shall be responsible for providing all the labor, equipment, and materials associated with completing this unit as indicated in the specifications and detail drawings.

Unit C1.2 Boring (Contractor Labor and Material)

The unit consists of all horizontal boring operations necessary for the installation of underground utilities as indicated on the plans (approximately 350 ft span and 8 ft depth). Work shall include, but not be limited to, mobilization of equipment, boring, installation of casing and/or conduit, installation of bore spacers, installation of grout, backfilling, restoration, and all incidental work required to complete the installation as needed. Prior to commencing work, the Contractor shall verify the location of all existing utilities and shall take all necessary precautions to avoid damage.

PROPOSAL

TO:

KERRVILLE PUBLIC WORKS BOARD

(hereinafter called the ''Owner'').

ARTICLE I--GENERAL

Section 1. Offer to Construct. *The undersigned (hereinafter called the ''Bidder') hereby proposes to receive and install such materials and equipment as may hereinafter be specified to be furnished by the Owner, and to furnish all other materials and equipment, all machinery, tools, labor, transportation and other means required to construct the project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated.*

The total length of the project lines shall be determined by taking the sum of all straight horizontal span distances between pole stakes or from center to center of poles, or centerline of structures, carrying conductors, plus the length of service drops, if any, measured horizontally from center of last pole to the point of attachment to the consumer's building.

Section 2. Materials and Equipment. *The Bidder agrees to furnish and use in the construction of the project under this Proposal, in the event the Proposal is accepted, only such "fully accepted,'' ''conditionally accepted,'' and ''technically accepted'' materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers,'' including revisions adopted prior to the Bid Opening. The use of ''conditionally accepted'' or ''technically accepted'' materials and equipment requires prior consent by the Owner or Engineer.*

The Bidder agrees that the prices for wood poles, wood crossarms, and other timber products set forth herein shall include the cost of preservative treatment and inspection, insured warranty, or quality assurance. The Bidder further agrees to obtain from the supplier inspection and treatment reports or insured warranties, for checking against the delivered timber, and to submit such reports or warranties to the Owner as one of the prerequisites to monthly and final payments.

The Bidder will purchase all materials and equipment (other than Owner Furnished Materials) outright and not subject to any conditional sales agreements, bailment, lease or other agreement reserving unto the seller any right, title or interest therein. All such materials and equipment shall be new and shall become the property of the Owner when erected in place.

Section 3. Owner-Furnished Materials. *The Bidder understands and agrees that, if this Proposal is accepted, the Owner will furnish to the Bidder the material set forth in the attached ''List of Owner Furnished Materials. '' For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. The materials referred to are on hand at, or will be delivered to, the locations specified in the List and the Bidder will use such materials in constructing the project.*

The value of the completed Construction Units certified by the Bidder each month pursuant to Article III, Section 1.a of the Proposal shall be reduced by an amount equal to the value of the materials installed by the Bidder during the preceding month which have been furnished by the Owner or the delivery of which has been accepted by the Bidder on behalf of the Owner. Only ninety percent (90%) of the remainder shall be paid prior to the Completion of the project. The value of such materials shall be computed on the basis of the unit prices stated in the Lists. Materials, if any, not required for the project, which have been furnished to the Bidder by the Owner or delivery of which has been accepted by the Bidder on behalf of the Owner, shall be returned to the Owner by the

Bidder upon completion of construction of the project. The value of all materials not installed in the project nor returned to the Owner shall be deducted from the final payment to the Bidder.

The Owner shall not be obligated to furnish materials in excess of the quantities, size, kind and type set forth in the attached List. If the Owner furnishes, and the Bidder accepts, materials in excess thereof the values of such excess materials shall be their actual cost as stated by the Owner.

Information on the shipping schedules of materials on the ''List of Owner Furnished Materials'' will be furnished to the Bidder as necessary during progress of the work.

Upon delivery, the Bidder shall promptly receive, unload, transport and handle all materials and equipment on the ''List of Owner Furnished Materials'' at its expense and shall be responsible for demurrage, if any.

Section 4. Proposal on Unit Basis. *The Bidder understands and agrees that the various Construction Units on which bids are made are defined by symbols and descriptions in this Proposal, that all said bids are on a unit basis, and that the Owner may specify any number or combination of Construction Units that the Owner may deem necessary for the construction of the project. Separate Construction Units are designated for each different arrangement which maybe used in the construction of the project. This Proposal is based on a consideration of each unit in place and includes only the materials listed on the corresponding Construction Drawings or description of unit where no drawing exists.*

Section 5. Description of Contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

Airport Feeder Tie – Underground Work

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Section 6. Due Diligence. *The Bidder has made a careful examination of the site of the project to be constructed and of the Plans, Specifications, Construction Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required before and during the construction of the project, and has become acquainted with the labor conditions, federal, state, and local laws, rules, and regulations applicable to its performance.*

Section 7. License. *The Bidder warrants that a Contractor's License is , is not______required, and if required, it possesses Contractor's License No.______________________for the State of _________________________in which the project is located and said license expires on____________________ , 20 ___.*

Section 8. Warranty of Good Faith. *The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding or the same work.*

Section 9. Financial Resources.

a. The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.

b. The Bidder agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contract price, with a surety or sureties listed by the United States Department of Treasury as Acceptable Sureties.

Section 10. Taxes. *The unit prices for Construction Units in this Proposal include provisions for the payment of all monies which will be payable by the Bidder or the Owner in connection with the construction of the project on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies and equipment, or services or labor of installation thereof to be incorporated in the project as part of such Construction Units. The Bidder agrees to pay all such taxes, except taxes upon the sale, purchase or use of Owner Furnished Materials and it is understood that, as to Owner Furnished Materials, the values stated in the attached ''List of Owner Furnished Materials include taxes upon the sale, purchase or use of Owner Furnished Materials, if applicable. The Bidder will furnish to the appropriate taxing authorities all required information and reports pertaining to the project, except as to the Owner Furnished Materials.*

Section 11. Changes in Quantities. *The Bidder understands and agrees that the quantities called for this Proposal are approximate, and that the total number of units upon which payment shall be made shall be as set forth in the inventory. If the Owner changes the quantity of any unit or units specified this Proposal by more than fifteen percent (15%) and the materials cost to the Bidder is increased thereby to an extent which would not be adequately compensated by application of the unit prices in this Proposal to the revised quantity of such unit or units, such change, to the extent of the quantities of such units in excess of such fifteen percent (15%) shall be regarded as a change in the construction within the meaning of Article II, Section 1(d) of this proposal.*

ARTICLE II-CONSTRUCTION

Section 1. Time and Manner of Construction.

a. *The Bidder agrees to commence construction of the project on a date (hereinafter called the ''Commencement Date") which shall be determined by the Engineer after notice to the bidder in writing of approval of the contract by the Administrator, if approval of the Administrator is required, and notice in writing from the Bidder that the Bidder has sufficient materials to warrant commencement and continuation of construction, but in no event will the Commencement be later than ____________ N/A ____ calendar days after date of approval of the contract by the Administrator, if approval of the Administrator is required. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within________ 180 ___________ calendar days after Commencement Date: Provided, however, that the Bidder will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost on the ground nor to perform any construction on such days when in the judgment of the Engineer snow, rain, or wind, or the results of snow, rain, or frost make it impracticable to perform any operation of construction; provided further that the Bidder will not be required to perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Engineer, the time of completion set out above will be extended if the Bidder makes a written request therefore to the Owner as provided in subsection b of this Section 1.*

b. *The time for Completion of Construction shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including Acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefore in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.*

c. The sequence of construction shall be as set forth below, the number or names being the designations of extensions or areas (hereinafter called the ''Sections") corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of construction shall be as determined by the Bidder, subject to the approval of the Engineer.

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d. The Owner, acting through the Engineer with the approval of the Administrator, if approval of the Administrator is required, may from time to time during the progress of the construction of the project make such changes, additions or subtractions from the Plans, Specifications, Construction Drawings, List of Materials and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant., Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefore to the Owner within (10) days after any such change is made. And provided further, that if the cost to the Bidder of construction of the project shall be materially increased by any such change or addition, the Owner shall pay the Bidder for the reasonable cost thereof in accordance with a Construction Contract Amendment signed by the Owner and the Bidder and approved by the Administrator, if approval by the Administrator is required, but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefore to the Owner prior to the commencement of work in connection with such change or addition.

Section 2. Environmental Protection. *The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term ''Environmental Laws'' shall mean all Federal, state, and local laws including statutes, regulations ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.*

Section 3. Tools, Equipment, and Qualified Personnel. *The Bidder agrees that in the event this Proposal is accepted it will make available for use in connection with the proposed construction all necessary tools and equipment and qualified supervisors and workers.*

Section 4. Changes in Construction. *The Bidder agrees to make such changes in construction previously installed in the project by the Bidder as required by the Owner for prices arrived at as follows:*

a. For substations and other units where only a portion of the complete unit is affected by the change, the compensation for such change shall be as agreed upon in writing by the Bidder and the Owner and approved by the Administrator, if approval by the Administrator is required, prior to the commencement of work in connection with such change.

b. For all other units, the compensation for such change shall be the reasonable cost thereof as agreed upon by the Bidder and the Owner, but in no event shall it exceed two (2) times the labor price quoted in the Proposal for the installation of the unit to be changed. Such compensation shall be in lieu of any other payment for the installation and removal of the original unit. (If a new or replacing unit is installed, payment for such new or replacing unit shall be made as shown in the final inventory.)

No payment shall be made to the Bidder for materials or labor involved in correcting errors or omissions on the part of the Bidder which result in construction not in accordance with the Plans and Specifications.

Section 5. Construction Not in Proposal. *The Bidder also agrees that when it is necessary to construct units not shown in the Proposal, in absence of other mutual agreement, it will construct such units for a price arrived at as follows:*

a. The cost of materials shall be determined by the invoices.

b. The cost of labor shall be the reasonable cost thereof, but in no event shall it exceed an amount determined by calculating the ratio of the total labor costs to the total material costs in the section of the Proposal involved, and multiplying the cost of materials for the unit in question by this ratio.

Section 6. Supervision and Inspection.

a. The Bidder shall give sufficient supervision to the work, using its best skill and attention. The Bidder will carefully study and compare all drawings, specifications and other instructions and will at once report to the Owner any error, inconsistency or omission which it may discover. The Bidder shall cause the construction work on the project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent") who shall be present at all times during working hours where construction is being carried on. The Bidder shall also employ, in connection with the construction of the project, capable, experienced and reliable supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.

b. The Owner reserves the right to require the removal from the project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this Proposal.

c. The construction of the project and all materials and equipment used therein, shall be subject to the inspection, tests, and acceptance by the Owner and the Administrator and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the project. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. The Bidder shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the project, with telephone service where obtainable and at least one office employee to whom communications from the Owner may be delivered. Delivery of such communications in writing to the employee of the Bidder at such office shall constitute delivery to the Bidder. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made. The performance of such inspections or tests by the Owner or the Administrator shall not relieve the Bidder of its obligations to perform the work in accordance with the requirements of this Contract.

d. In the event that the Owner, or the Administrator, shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner and the Administrator, if approval by the Administrator is required, for the purpose of determining the exact nature, extent and location of such defects.

e. *The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.*

Section 7. Defective Materials and Workmanship.

a. *The acceptance of any materials, equipment (except Owner Furnished Materials) or any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, by and at the expense of the Bidder. Any such condemned material or equipment shall be immediately removed from the site of the project by the Bidder at the Bidder's expense. The Bidder shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the project, of which the Bidder shall have had notice, shall not have been replaced or remedied, as the case may be.*

b. *Notwithstanding any certificate which may have been given by the Owner or the Engineer, if any materials, equipment (except Owner Furnished Materials) or any workmanship which does not comply with the requirements of this Contract shall be discovered within one (1) year after Completion of Construction of the project, the Bidder shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. If any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship. If the Bidder shall be called upon to replace any defective materials or equipment or to remedy defective workmanship as herein provided, the Owner, if so requested by the Bidder shall deenergize that section of the project involved in such work. In the event of failure by the Bidder so to do, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Bidder shall pay to the Owner the cost and expense thereof.*

ARTICLE III--PAYMENTS AND RELEASE OF LIENS

Section 1. Payments to Bidder.

a. *On or before the fifth (5) day of each calendar month, the Bidder will make application for payment, and the Owner, on or before the fifteenth (15) day of such month, shall make partial payment to the Bidder for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Bidder, recommended by the Engineer and approved by the Owner solely for the purposes of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of the project shall be paid by the Owner to the Bidder prior to Completion of the project.*

Upon completion by the Bidder of the construction of the project, the Engineer will prepare an inventory of the project showing the total number and character of Construction Units and, after checking such inventory with the Bidder, will certify it to the Owner. Upon the approval by the Owner and the Administrator, if the approval of the Administrator is required, of a Certificate of Completion in the form attached hereto, showing the total cost of the construction performed, the Owner shall make payment to the Bidder of all amounts to which the Bidder shall be entitled thereunder which shall not have been paid: Provided, however, that such final payment shall be made not later than ninety (90) days after the date of Completion of Construction of the project, as specified in the Certificate of Completion, unless withheld because of the fault of the Bidder.

b. The Bidder shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner shown by the inventory based on the staking sheets or structure lists.

c. Notwithstanding the provisions of Section 1. a above, the Bidder may, by giving written notice thereof to the Owner, elect to receive payment in full for any Section of the project upon:

(1) completion of construction of such Section as certified by the Engineer and approved by the Owner and the Administrator, if approval by the Administrator is required;

(2) submission to the Owner and the Administrator, if (submission to the Administrator is required, of the releases of lien and the certificate referred to in Section 2 of this Article;

(3) approval by the Owner and the Administrator, if approval by the Administrator is required, of the inventory in respect of such Section; and

(4 submission to the Owner and the Administrator, if submission to the Administrator is required, of the consent in writing by the Surety or Sureties, if any, on the Contractor's Bond to payment in full for such Section prior to Completion of the project.

If no Sections are designated in Article II, Section 1c, the term ''Section'' shall mean for purposes of this subsection c and Article IV Section 3b only, a part of the project as designated by the Owner which represents at least twenty-five percent (25%) of the contract price, and which is capable of being energized and operated by the Owner.

d. Interest at the rate of _____percent [1] (__4%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment or interest on all unpaid balances shall be the fifteenth (15) day of each calendar month provided (1) the Bidder on or before the fifth (5) day of such month shall have submitted its certification of Construction Units completed during the preceding month and (2) the Owner on or before the fifteenth (15) day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth (15) day of such month, the due date for purposes of this subsection d shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.

e. Interest at the rate________percent [2] (_4%) per annum shall be paid by the Owner to the Bidder on the final payment for the project or any completed Section thereof commencing fifteen (15) days after the due date. The due date for purposes of such final payment or interest on all unpaid balances shall be the date of approval by the Owner of all of the documents requiring such approval, as a condition precedent to the making of final payment, or ninety (90) days after the date of Completion of Construction of the project, as specified in the Certificate of Completion, whichever date is earlier.

f. No payment shall be due while the Bidder is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Contract.

g. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the construction of the project.

[1] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[2] See Footnote 1.

Section 2. Release of Liens and Certificate of Contractor. *Upon the completion by the Bidder of the construction of the project (or any Section thereof if the Bidder shall elect to receive payment in full for any Section when completed as provided above) but prior to final payment to the Bidder, the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto from all manufacturers, material suppliers, and subcontractors furnishing services or materials for the project or such Section and a certificate in the form attached hereto to the effect that all labor used on or for the project or such Section has been paid and that all such releases have been submitted to the Owner.*

Section 3. Payments to Material Suppliers and Subcontractors. *The Bidder shall pay each material supplier, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Bidder for and on account of materials furnished or construction performed by each material supplier or each subcontractor.*

ARTICLE IV--PARTICULAR UNDERTAKINGS OF THE BIDDER

Section l. Protection to Persons and Property. *The Bidder shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of federal, state, and local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

The following provisions shall not limit the generality of the above requirements:

a. The Bidder shall at no time and under no circumstances cause or permit any employee of the Bidder to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in the Notice and Instructions to Bidders.

b. The Bidder shall transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.

c. The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.

d.. The Bidder shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

e. The Bidder shall do all things necessary or expedient to properly protect any and all parallel, converging and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways or other property are damaged in the course of the construction of the project the Bidder shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

f. Where the right-of-way of the project traverses cultivated or grazing lands, the Bidder shall limit the movement of its crews and equipment so as to cause as little damage as possible to crops, orchards or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the project shall be replaced in as good condition as they were found and precautions shall he taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Bidder shall not be responsible for loss of or damage to crops, orchards or property (other than livestock) on the right-of-way necessarily incident to the construction of the project and not caused by negligence or inefficient operation of the Bidder. The Bidder shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the project.

The right-of-way for purposes of this said section shall consist of an area extending N/A *feet on both sides of the center line of the poles along the route of the project lines, plus such area reasonably required by the Bidder for access to the route of the project lines from public roads to carry on construction activities.*

g. *The project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection with the construction of the project and the materials to be used therein shall be borne by the Bidder. The Bidder shall make good and fully repair all injuries and damages to the project or any portion thereof under the control of the Bidder by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Bidder's negligence.*

   (i) *To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.*

   (ii) *To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.*

   (iii) *Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.*

h. *Any and all excess earth, rock, debris, underbrush and other useless materials shall be removed by the Bidder from the site of the project as rapidly as practicable as the work progresses.*

i. *Upon violation by the Bidder of any of the provisions of this section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.*

j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.*

k. *The Bidder shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Bidder shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on its land in connection with the project and shall obtain the consent in writing of the Owner before proceeding in any such case.*

l. *The Bidder will furnish, prior to the commencement of underground distribution construction, proof satisfactory to the Owner, of compliance with requirements of highway and road authorities having jurisdiction, including without limitation, the furnishing of a bond or other guaranty, and approval by such authorities of the equipment and methods of construction and repair to be used by the Bidder.*

Section 2. **Insurance.** *The Bidder shall take out and maintain throughout the period of this Agreement the following types and minimum amounts of insurance:*

a. *Workers' compensation and employers' liability insurance, as required by law, covering all its employees who perform any of the obligations of the Bidder under the contract. If any employer or* employee is *not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.*

b. *Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.*

c. *Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million each occurrence, and property damage limits of $1 million for each occurrence. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.*

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to Owner.

a. *Upon written request of the Owner the Bidder shall deliver to the Owner full possession and control of any portion of the project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the project to the Owner, the risk and obligations of the Bidder as set forth in Article IV Section 1.g hereof with respect to such portion of the project so delivered to the Owner shall be terminated; Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 7 hereof.*

b. *Where the construction of a Section as herein before defined in Article II, Section 1.c and Article III, Section 1.c shall have been completed by the Bidder, the Owner agrees, after receipt of a written request from the Bidder, to accept delivery of possession and control of such Section upon the issuance by the Engineer of a written statement that the Section has been inspected and found acceptable by the Engineer. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1.g hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials or workmanship as contained in Article II, Section 7 hereof.*

Section 4. Energizing the Project.

a. *Prior to Completion of the project the Owner, upon written notice to the Bidder, may test the construction thereof by temporarily energizing any portion or portions thereof. During the period of such test the portion or portions of the project so energized shall be considered as within the possession and control of the Owner and governed by the provisions of Section 3 of this Article. Upon written notice to the Bidder by the Owner of the completion of such test and upon deenergizing the lines involved therein said portion or portions of the project shall be considered as returned to the possession and control of the Bidder unless the Owner shall elect to continue possession and control in the manner provided in Section 3 of this Article.*

b. *The Owner shall have the right to energize permanently any portion or portions of the project delivered to its possession and control pursuant to the provisions of Section 3 of this Article.*

Section 5. Assignment of Guarantees. *All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.*

ARTICLE V--REMEDIES

Section 1. Completion on Bidder's Default. If *default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties, if any, the Owner may take over the construction of the project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties, if any, shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this Contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.*

Section 2. Liquidated Damages. *The time of the Completion of Construction of the project is of the essence of the Contract. Should the Bidder neglect, refuse or fail to complete the construction within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys which may be then due, or which may become due and payable to the Bidder the sum of* one hundred *dollars ($100.00) per day for each and every day that such construction is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty if the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the Owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.*

Section 3. Cumulative Remedies. *Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall he cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provisions of Section 2 of this Article shall be the exclusive measure of damages for failure by the Bidder to complete the construction of the Project within the time herein agreed upon.*

ARTICLE VI-MISCELLANEOUS

Section 1. Definitions.

a. *The term ''Administrator '' shall mean the Administrator of the Rural Utilities Service of the United States of America and his or her duly authorized representative or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.*

b. *The term ''Engineer '' shall mean the Engineer employed by the Owner, to provide engineering services for the project and said Engineer's duly authorized assistants and representatives.*

c. *The term ''Completion of Construction '' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof (2) the inventory referred to in Article III, Section 1 hereof and (3) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion, signed by the Engineer and approved in writing by the Owner and the Administrator, if approval by the Administrator is required, shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.*

Section 2. Materials and Supplies. *In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. For the purposes of this section, an ''eligible country'' is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the Unites States Trade Representative. The Bidder agrees to submit to the Owner such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.*

Section 3. Patent Infringement. *The Bidder shall hold harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the project.*

Section 4. Permits for Explosives. *All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the project shall be obtained by and at the expense of the Bidder.*

Section 5. Compliance with Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235). Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S. C. 1352), entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. *Bidder's Representations.*

The Bidder represents that:

It has___, does not have X, 100 or more employees, and if it has, that it has______, has not X, furnished the Equal Employment Opportunity-Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 of September 24, 1965, and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. *Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:*

(1) *The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.*

(2) *The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.*

(3) *The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*

(4) *The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.*

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontractor purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 7. Franchises and Rights-of-Way. *The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the joint use of poles, crossings, or other matter incident to the construction and operation of the project.*

Section 8. Nonassignment of Contract. *The Bidder shall perform directly and without subcontracting not less than twenty-five percent (25%) of the construction of the project, to be calculated on the basis of the total Contract price. The Bidder shall not assign the Contract effected by an acceptance of this Proposal or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder.*

If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Successors and Assigns. *Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto. The Owner and Bidder acknowledge that this Contract is assigned to the Government acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.*

Section 10. Independent Contractor. *The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.*

Section 11. Approval by the Administrator: *This contract does ______ does not ______, require approval of the Administrator. No acceptance of a Proposal for a contract upon which approval of the Administrator is required shall become effective until the contract has been approved by the Administrator; provided that no obligation shall arise hereunder unless such approval is given within one-hundred twenty (120) days after the date set for the opening of the proposals. The acceptance of a Proposal for a contract upon which approval of the Administrator is not required shall become effective the date of acceptance by the Owner.*

ATTEST

[signature] DAS
Bidder

____
Secretary

Owner
Title

*Dated*_______________

41 Shooting Club Boerne TX 78006
Address

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

ADDENDUM

TO ELECTRIC SYSTEM CONSTRUCTION CONTRACT
SITE SPECIFIC CONSTRUCTION BETWEEN ***KERRVILLE PUBLIC UTILITY BOARD***
AND DAS Underground Utilities LLC

This Addendum supplements and/or amends and forms a part of the Electric System Construction Contract Non-Site Specific Construction and modifies the preceding Bid/Contract document between ***KERRVILLE PUBLIC UTILITY BOARD*** (hereinafter referred to as OWNER) and DAS Underground . (hereinafter referred to as BIDDER AND/OR CONTRACTOR) dated 8-7-26 , as follows:

1. SUPPLEMENT/AMENDMENT TO INDEMNIFICATION PROVISIONS:

Defend, Indemnify, and Hold Harmless. Article IV, Section 1, of Form 830, (*Protection to Persons and Property*), subpart g.(i), is hereby amended by deleting subpart g.(i) in its entirety and replacing it with the following provision:

(A) ***TO THE MAXIMUM EXTENT PERMITTED BY LAW, INCLUDING BUT NOT LIMITED TO SECTION 151.103, TEXAS INSURANCE CODE, BIDDER SHALL INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS, OWNER, ITS LENDERS AND THEIR RESPECTIVE AFFILIATED COMPANIES, PARTNERS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES, OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES, CONSULTANTS AND AGENTS, (EACH, WHETHER PAST OR PRESENT AT ANY TIME, INDIVIDUALLY, AN "INDEMNITEE" AND COLLECTIVELY, THE "INDEMNITEES") FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, LOSSES, LIABILITIES, AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES) FOR PERSONAL LOSS, INJURY, OR DEATH TO PERSONS (INCLUDING, BUT NOT LIMITED TO, BIDDER'S EMPLOYEES) AND LOSS, DAMAGE TO OR DESTRUCTION OF OWNER'S PROPERTY OR THE PROPERTY OF ANY OTHER PERSON OR ENTITY (INCLUDING BUT NOT LIMITED TO BIDDER'S PROPERTY BUT EXCLUDING THE WORK) IN ANY MANNER ARISING OUT OF OR CONNECTED WITH THE CONTRACT, OR THE MATERIALS OR EQUIPMENT SUPPLIED OR SERVICES PERFORMED BY BIDDER, ITS SUBCONTRACTORS AND SUPPLIERS OF ANY TIER. NOTHING HEREIN SHALL BE CONSTRUED AS MAKING BIDDER LIABLE FOR ANY INJURY, DEATH, LOSS, DAMAGE, OR DESTRUCTION TO THE EXTENT CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OF OWNER OR ITS AGENTS, EMPLOYEES OR THIRD-PARTIES UNDER OWNER'S CONTROL OR SUPERVISION, OTHER THAN THE BIDDER OR ITS AGENTS, EMPLOYEES, OR SUBCONTRACTORS OF ANY TIER (COLLECTIVELY, THE "BIDDER PARTIES") AND REGARDLESS OF WHETHER OR NOT SUCH CLAIM, DAMAGE, LOSS OR EXPENSE IS CAUSED IN PART BY THE CONCURRENT OR PARTIAL NEGLIGENCE OF A PARTY INDEMNIFIED HEREUNDER. THE BIDDER'S DUTY UNDER THIS PARAGRAPH (A) TO DEFEND THE OWNER AND THE OTHER PARTIES INDEMNIFIED HEREUNDER IN A CLAIM OR ACTION AND OBLIGATION TO INDEMNIFY THE OWNER AND THE OTHER PARTIES INDEMNIFIED HEREUNDER FOR THEIR COSTS OF DEFENSE (INCLUDING REASONABLE ATTORNEYS' FEES) SHALL ARISE FOR ALL CLAIMS RESULTING FROM OR ARISING OUT OF THE PERFORMANCE OF THE WORK OF THE BIDDER, EXCEPT TO THE EXTENT SUCH CLAIM OR ACTION IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE OWNER OR ITS AGENTS, EMPLOYEES OR THIRD PARTIES UNDER THE OWNER'S CONTROL OR SUPERVISION, OTHER THAN ANY BIDDER PARTY.***

(B) IN ADDITION TO THE FOREGOING INDEMNITY AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, INCLUDING, BUT NOT LIMITED TO, SECTION 151.103, TEXAS INSURANCE CODE, BIDDER SHALL INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS, THE INDEMNITEES FOR, FROM, AND AGAINST, ALL LIABILITIES, CLAIMS, DAMAGES, LOSSES, COSTS, CAUSES OF ACTION, SUITS, JUDGMENTS, AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, FOR THE PERSONAL OR BODILY INJURY OR DEATH OF ANY EMPLOYEE OF THE BIDDER PARTIES ("EMPLOYEE PERSONAL INJURY CLAIM"), EVEN TO THE EXTENT SUCH EMPLOYEE PERSONAL INJURY CLAIM IS CAUSED OR ALLEGED TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE SOLE, COMPARATIVE, OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, AND/OR THE GROSS NEGLIGENCE OF ANY INDEMNITEE. THIS INDEMNIFICATION SHALL NOT BE LIMITED TO DAMAGES, COMPENSATION, OR BENEFITS PAYABLE UNDER INSURANCE POLICIES, WORKERS COMPENSATION ACTS, DISABILITY BENEFIT ACTS, OR OTHER EMPLOYEES BENEFIT ACTS. THE BIDDER'S DUTY UNDER THIS PARAGRAPH (B) TO DEFEND THE OWNER AND THE OTHER PARTIES INDEMNIFIED

HEREUNDER IN A CLAIM OR ACTION AND OBLIGATION TO INDEMNIFY THE OWNER AND THE OTHER PARTIES INDEMNIFIED HEREUNDER FOR THEIR COSTS OF DEFENSE (INCLUDING REASONABLE ATTORNEYS' FEES) SHALL ARISE FOR ALL EMPLOYEE PERSONAL INJURY CLAIMS.

(C) SHOULD AN INDEMNITEE BE REQUIRED TO ENFORCE ANY OF THE INDEMNITY OBLIGATIONS PROVIDED HEREIN IN A COURT OF LAW, INDEMNITEE SHALL BE ENTITLED TO RECOVER ALL COSTS OF ENFORCEMENT, INCLUDING, WITHOUT LIMITATION, ITS REASONABLE ATTORNEYS' FEES.

(D) THE OBLIGATIONS SET FORTH IN SUBPARAGRAPHS (A), (B) AND (C) ABOVE SHALL NOT BE CONSTRUED TO NEGATE ABRIDGE, OR REDUCE OTHER RIGHTS OR OBLIGATIONS OF INDEMNITY WHICH WOULD OTHERWISE EXIST AS TO A PARTY OR PERSON DESCRIBED IN THIS SUBPART g.(i).

2. SUPPLEMENT/AMENDMENT TO INSURANCE PROVISION:

Compliance Certificate; Primary and Non-Contributory; Severability and Cross Liability. Article IV, Section 2, (*Insurance*), of Form 830, is hereby amended by deleting the last paragraph in its entirety and replacing it with the following provision:

> *CONTRACTOR shall provide Umbrella Insurance (Excess Liability) with minimum limits of $10,000,000 per occurrence.*
>
> *All CONTRACTOR policies shall contain, by policy endorsement, a waiver of subrogation in favor of OWNER, its directors, officers, employees, agents and members. The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the OWNER. The CONTRACTOR shall furnish the OWNER a certificate in a form approved by the Texas Department of Insurance evidencing compliance with foregoing requirements. CONTRACTOR shall provide not less than thirty (30) days prior written notice to the OWNER of any suspension, voiding, cancellation of coverage or change in limits of, or deletion of the certificate holder as an additional insured under, the policies. CONTRACTOR shall be responsible to obtain and provide to OWNER separate certificates from each subcontractor of any tier, and shall be responsible to cause all coverages for such subcontractors to be subject to the requirements contained herein.*
>
> *CONTRACTOR shall ensure that all policies purchased in accordance with this section shall protect OWNER and CONTRACTOR as set forth in Article IV, Section 1, subpart g.(i) and Article IV, Section 2, and shall be primary and non-contributory with any other coverage elsewhere afforded or available to OWNER, and shall provide primary coverage for all losses and damages caused by the perils covered thereby related to or arising out of the work performed under the contract.*
>
> *The policies shall also include standard severability provisions that state each insured is provided coverage as though a separate policy had been issued to each insured, except with respect to limits of insurance. The policies shall not contain a cross liability or a cross-suit exclusion that prevents OWNER from asserting claims against the CONTRACTOR or any other Insured under the policies.*
>
> *Except for worker's compensation insurance policies, to the extent permitted by law, including but not limited to Chapter 151 of the Texas Insurance Code, all insurance policies of both CONTRACTOR and CONTRACTOR'S subcontractors of any tier shall name OWNER as*

an Additional Insured to the full extent of the CONTRACTOR'S indemnity obligations set forth in Article IV, Section 1 above, on a primary and non-contributory basis. It is the intent of CONTRACTOR and OWNER that this Additional Insured status shall include coverage for completed operations and for the CONTRACTOR'S and the other Indemnitees concurrent and sole negligence to the extent (if any) indemnification is required in Article IV, Section 1 above, but only to the extent not prohibited by Chapter 151 of the Texas Insurance Code. CONTRACTOR must furnish such Additional Insured coverage by endorsement or express policy language in a form approved by The Texas Department of Insurance and consistent with CONTRACTOR'S indemnity obligations hereunder. Notwithstanding any other requirements for proof of insurance hereunder, CONTRACTOR shall furnish the form of Additional Insured endorsement or applicable policy language to OWNER prior to commencement of the work for OWNER'S review and approval.

The Bidder shall also take out and maintain through the period of this Agreement:

a. Statutory Coverage Workers' Compensation Insurance (including Occupational Disease Coverage) in accordance with the laws of the states where the Services are to be performed.

b. Employer's Liability Insurance with limits of not less than $1,000,000 Bodily Injury by Accident; and $1,000,000 by Disease each employee; $1,000,000 Bodily Injury by Disease Policy Limit.

Owner ______________________

By: ______________________

____
Title

____
Date

Bidder/Contractor DAS UndergrounD

By: L Dail Datsh

Owner
Title

8-7-2026
Date

KERRVILLE PUBLIC UTILITIES BOARD
AIRPORT FEEDER TIE - UNDERGROUND WORK
UNIT PROPOSAL

GROUP A: POWER INSTALLATION COST							
UNIT	DESCRIPTION	QTY.	UNIT	LABOR UNIT PRICE	MATERIAL UNIT PRICE	TOTAL UNIT PRICE	EXTENDED PRICE
A1.1	THREE PHASE ELECTRIC VAULTS	2	EA	$6,000	$25,625	$31,625	$63,250
A1.2	4" CONDUIT	11,900	FT	$3	$6	$9	$107,100
A1.3	4" SWEEPS	28	EA	$15	$95	$110	$3,080
GROUP A TOTAL:							

GROUP B: FIBER INSTALLATION COST							
UNIT	DESCRIPTION	QTY.	UNIT	LABOR UNIT PRICE	MATERIAL UNIT PRICE	TOTAL UNIT PRICE	EXTENDED PRICE
B1.1	TRENCHING (FIBER)	0	FT				
B1.2	2" CONDUIT	1,950	FT	$2	$4	$6	$11,700
B1.3	2" SWEEPS	8	EA	$7	$55	$62	$496
B1.4	FIBER HANDHOLES	2	EA	$600	$975	$1,575	$3,150
GROUP B TOTAL:							

GROUP C: POWER AND FIBER SHARED COST							
UNIT	DESCRIPTION	QTY.	UNIT	LABOR UNIT PRICE	MATERIAL UNIT PRICE	TOTAL UNIT PRICE	EXTENDED PRICE
C1.1	TRENCHING (Power and Fiber)	1,300	FT	$25	$27	$52	$67,600
C1.2	BORING (Shared Cost Power & Fiber)	350	FT	$715	included	$715	$250,250
	Power Bore (96%)					Extended Price x 0.96	
	Fiber Bore (4%)					Extended Price x 0.04	
C1.3	TRENCH COMPACTION	150	FT	$10	$10	$20	$3,000
GROUP C TOTAL:							

GRAND TOTAL ALL UNITS:		
GRAND TOTAL ALL UNITS:		$509,626

Contractor DAS Underground Utilities LLC

Signed

KERRVILLE PUBLIC UTILITIES BOARD
AIRPORT FEEDER TIE - UNDERGROUND WORK
PROPOSAL SUMMARY

RECAPITULATION OF GROUPS:

	CONTRACTOR LABOR PRICE	CONTRACTOR MATERIAL PRICE	TOTAL UNIT PRICE
GROUP A	48,120	125,310	173,430
GROUP B	$5156.00	$10,190.00	15,346
GROUP C	284,250	36,600	320,850
TOTALS	337,526	172,100	509,626

TOTAL CONTRACTOR LABOR 337.526

TOTAL CONTRACTOR MATERIAL 172,100

SUBTOTAL 509,626

TOTAL CONTRACT $509,626.00

DAS Underground Utilities LLC
(BIDDER)

BY: [signature]

DATE: 8-7-2026

U.S. Department of Agriculture
Rural Utilities Service

BID BOND

1. *KNOW ALL PERSONS that we,* DAS Underground Utilities *as Principal, and* FCCI Insurance Company, *as Surety, are held and firmly bound unto* Kerrville Public Utility Board *(hereafter called the "Owner") in the penal sum of five percent (5%) of the amount of the bid referred to in paragraph 2 below, but not to exceed* Five Percent Of Amount Bid *dollars ($* 5% *), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns, jointly and severally, by these presents;*

2. *WHEREAS, the Principal has submitted a bid to the Owner for the construction of the Rural Utilities Service project known as* Airport Feeder Tie – Underground Work

3. *NOW, THEREFORE, the condition of this obligation is such that if the Owner shall accept the bid of the Principal, and*

   a. *the Principal shall execute such contract documents, if any, as may be required by the terms of the bid and give such Contractor's Bond or Bonds for the performance of the contract and for the prompt payment of labor and material furnished for the project as may be specified in the bid, or*

   b. *in the event of the failure of the Principal to execute such contract documents, if any, and give such Contractor's Bond or Bonds, if the Principal shall pay to the Owner the difference, not to exceed the penal sum hereof, between the amount specified in the bid and such larger amount for which the Owner may in good faith contract with another party to construct the project, then this obligation shall be void, otherwise to remain in full force and effect.*

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this 7th *day of* August, *20*26.

DAS Underground Utilities - *(Seal)*
Principal

By [signature]

DAVID SATSKY
Printed Name

Owner
Title

ATTEST:

Arlene Barrett
Secretary

FCCI Insurance Company - *(Seal)*
Surety

By Jeff Husk

FCCI INSURANCE COMPANY CORPORATE SEAL 1994 FLORIDA

Jeff Husk
Printed Name

Attorney-In-Fact
Title

ATTEST:

[signature]
Secretary

RUS FORM 307 (Rev. 2-04

FCCI INSURANCE GROUP

GENERAL POWER OF ATTORNEY

Know all men by these presents: That the FCCI Insurance Company, a Corporation organized and existing under the laws of the State of Florida (the "Corporation") does make, constitute and appoint:

Janet Dennis; Robert J. Guyton; Jeff Husk; Cindy Rodriguez;
James F. Siddons; Patrick L. Watkins; Andrew Webb

Each, its true and lawful Attorney-In-Fact, to make, execute, seal and deliver, for and on its behalf as surety, and as its act and deed in all bonds and undertakings provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed the sum of (not to exceed $40,000,000.00): $40,000,000.00

This Power of Attorney is made and executed by authority of a Resolution adopted by the Board of Directors. That resolution also authorized any further action by the officers of the Company necessary to effect such transaction.

The signatures below and the seal of the Corporation may be affixed by facsimile, and any such facsimile signatures or facsimile seal shall be binding upon the Corporation when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached.

In witness whereof, the FCCI Insurance Company has caused these presents to be signed by its duly authorized officers and its corporate Seal to be hereunto affixed, this 20th day of December, 2024.

Attest: Christina D. Welch
Christina D. Welch, President
FCCI Insurance Company

FCCI INSURANCE COMPANY CORPORATE SEAL 1994 FLORIDA

Christopher Shoucair,
EVP, CFO, Treasurer, Secretary
FCCI Insurance Company

State of Florida
County of Sarasota

Before me this day personally appeared Christina D. Welch, who is personally known to me and who executed the foregoing document for the purposes expressed therein.

My commission expires: 2/27/2027

NOTARY PUBLIC STATE OF FLORIDA
PEGGY SNOW
Commission # HH 326535
Expires February 27, 2027

Peggy Snow
Notary Public

State of Florida
County of Sarasota

Before me this day personally appeared Christopher Shoucair, who is personally known to me and who executed the foregoing document for the purposes expressed therein.

My commission expires: 2/27/2027

NOTARY PUBLIC STATE OF FLORIDA
PEGGY SNOW
Commission # HH 326535
Expires February 27, 2027

Peggy Snow
Notary Public

CERTIFICATE

I, the undersigned Secretary of FCCI Insurance Company, a Florida Corporation, DO HEREBY CERTIFY that the foregoing Power of Attorney remains in full force and has not been revoked; and furthermore that the February 27, 2020 Resolution of the Board of Directors, referenced in said Power of Attorney, is now in force.

Dated this 7th day of August, 2026

Christopher Shoucair, EVP, CFO, Treasurer, Secretary
FCCI Insurance Company

U.S. Department of Agriculture
Rural Utilities Service

CONTRACTOR'S BOND

(Use only when contract is less than $1 million and Surety has accepted an SBA* Guarantee)

1. *Know all persons that we, ______________________________ as Principal, and ______________________________, as Surety, are held and firmly bound unto* Kerrville Public Utility Board *(hereinafter called the "Owner") and unto the United States of America (hereinafter called the "Government") and unto all persons, firms and corporations who or which may furnish materials for or perform labor on a Rural Utilities Service project known as* Airport Feeder Tie – Underground Work *and to their successors and assigns, in the penal sum of ______________________________ dollars ($________________), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns jointly and severally by these presents. Said project is described in a certain construction contract (hereinafter called the "Construction Contract") between the Owner and the Principal, dated ________________, 20_____, pursuant and subject to a certain loan contract (hereinafter called the "Loan Contract") between the Owner and the Government, acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator").*

2. *The condition of this obligation is such that if the Principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements of the Construction Contract and any amendments thereto, whether such amendments are for additions, decreases, or changes in materials, their quantity, kind or price, labor costs, mileage, routing or any other purpose whatsoever, and whether such amendments are made with or without notice to the Surety, and shall fully indemnify and save harmless the Owner and the Government from all costs and damages which they, or either of them, shall suffer or incur by reason of any failure so to do, and shall fully reimburse and repay the Owner and the Government for all outlay and expense which they, or either of them shall incur in making good any such failure of performance on the part of the Principal, and shall promptly make payment to all persons working on or supplying labor or materials for use in the construction of the project contemplated in the Construction Contract and any amendments thereto, in respect of such labor or materials furnished and used therein, to the full extent thereof, and in respect of such labor or materials furnished but not so used, to the extent of the quantities estimated in the Construction Contract and any amendments thereto to be required for the construction of the project, and shall well and truly reimburse the Owner and the Government, as their respective interests may appear, for any excess in cost of construction of said project over the cost of such construction as provided in the Construction Contract and any amendments thereto, occasioned by any default of the Principal under the Construction Contract and any amendments thereto, then this obligation shall be null and void, but otherwise shall remain in full force and effect.*

3. *Provided, that the liability of the Principal and Surety hereunder to the Government shall be subject to the same limitations and defenses as may be available to them against a claim hereunder by the Owner, provided, however, that the Government may, at its option, perform any obligations of the Owner required by the contract.*

** Small Business Administration*

4. *It is expressly agreed that this bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon any amendment to the Construction Contract, so as to bind the Principal and the Surety to the full and faithful performance of the Construction Contract as so amended, provided only that the total amount of all increases in the cost of construction shall not exceed 20 percent of the amount of the maximum price set forth in the Construction Contract. The term "Amendment," wherever used in this bond, and whether referring to this bond, the Construction Contract or the Loan Contract shall include any alteration, addition, extension, modification, amendment, rescission, waiver, release or annulment, of any character whatsoever.*

5. *It is expressly agreed that any amendment which may be made by agreement or otherwise between the Principal and the Owner in the terms, provisions, covenants and conditions of the Construction Contract, or in the terms, provisions, covenants and conditions of the Loan Contract (including, without limitation, the granting by the Administrator to the Owner of any extension of time for the performance of the obligations of the Owner under the Loan Contract or the granting by the Administrator or the Owner to the Principal of any extension of time for the performance of the obligations of the Principal under the Construction Contract, or the failure or refusal of the Administrator or the Owner to take any action, proceeding or step to enforce any remedy or exercise any right under either the Construction Contract or the Loan Contract, or the taking of any action, proceeding or step by the Administrator or the Owner, acting in good faith upon the belief that the same is permitted by the provisions of the Construction Contract or the Loan Contract) shall not in any way release the Principal and the Surety, or either of them or their respective executors, administrators, successors or assigns, from liability hereunder. The Surety hereby acknowledges receipt of notice of any amendment, indulgence or forbearance, made, granted or permitted.*

6. *This bond is made for the benefit of all persons, firms and corporations who or which may furnish any materials or perform any labor for or on account of the construction to be performed under the Construction Contract and any amendments thereto, and they, and each of them, are hereby made obligees hereunder with the same force and effect as if their names were written herein as such, and they and each of them may sue hereon.*

7. *Provided, further, that no suit or action shall be commenced hereunder by any person, firm, or corporation who performed work or labor or who furnished materials for the project: (a) Unless such person, firm, or corporation, other one having a direct contract with the Principal (or with the Government in the event the Government is performing the obligation of the Owner), shall have given detailed written notice of claim to: The Principal, and the Owner, within ninety (90) days after such person, firm, or corporation did or performed the last of the work or labor, or furnished the last of the materials for which such claim is made. (b) After the expiration of one (1) year following the date on which Principal ceased work on said contract, it being understood, however, that if any limitation embodied in the Bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal to the minimum period of limitation permitted by such law.*

In witness whereof, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this ________________ day of __________________________, 20_____.

____ - (*Seal*)
Principal

ATTEST: *By*____

____ ____
Secretary *Printed Name*

____
Title

____
Surety

~~ATTEST:~~ ____________________ By ____________________

Secretary

____
Printed Name

____
Address of Surety's Home Office

By ____________________
Resident Agent of Surety

____
Printed Name

Signatures: *The Contractor's Bond must be signed with the full name of the Contractor. If the Contractor is a partnership the Contractor's Bond must be signed in the partnership name by a partner. If the Contractor is a corporation the Contractor's Bond must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the corporation. A typewritten copy of all such names and signatures shall be appended.*

Power of Attorney: *The Contractor's Bond must be accompanied by a power of attorney authorizing execution on behalf of the Surety and, in jurisdictions so requiring should be countersigned by a duly authorized resident agent of the Surety.*

ACCEPTANCE

Subject to the approval of the Administrator, if approval of the Administrator is required, the Owner hereby accepts the fore going Proposal of the Bidder, ______________________________ for the construction of the following:

Airport Feeder Tie – Underground Work

____

____

____

____

____

____

for a total contract price of $________ (_______).

Kerrville Public Utility Board
Owner

____
Secretary

____
Signed - Title

____
Date of Contract

RUS FORM 830 (Rev. 2-04)

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF COMPLETION
CONTRACT CONSTRUCTION

I, the undersigned Architect or Engineer of the following Rural Utilities Service project, do hereby certify that:

The construction provided for pursuant to Construction Contract No. Airport Feeder Tie – Underground Work _______ *dated* __________________________ *, 20*_____*, including all approved amendments, between*

Kerrville Public Utility Board ___*, RUS designation* ____*Owner")*

and ____ *("Contractor")*

*has been completed as of*__________________________*, 20*_____*, and is in compliance with the provisions of the Construction Contract, including all plans, specifications, maps, and drawings and all modifications thereof.*

2. *Payment in full has been made to all persons who have furnished labor for the project.*

3. *The Contractor has obtained valid releases of lien from all manufacturers, material suppliers, and subcontractors furnishing services or materials which were employed by the Contractor in the performance of the Construction Contract, and that such releases have been delivered by the Contractor to the Owner.*

4. *If applicable, the Final Inventory attached hereto and made a part hereof is a complete and accurate summary of all units of construction in the project and of all work performed in accordance with the Construction Contract.*

5. *If applicable, the staking sheets and tabulation of staking sheets upon which the Final Inventory is based show the accurate location, number, and kind of all units of construction of the project and show all work performed in accordance with the Construction Contract.*

6. *All defects in workmanship and materials reported during the period of construction of the project have been corrected.*

7. *The total cost of the project as completed is* _______________________________________*dollars*

   *($*___________________________________*).*

Dated this ______________________*day of* __________________________________ *20*_____*.*

____
Name of Architect or Engineer

Date __________________________________ *By*_____________________________________

____
Title

RUS FORM 187 (Rev. 2-04)

CERTIFICATE OF COMPLETION
CONTRACT CONSTRUCTION
(continued)

We, the undersigned Owner and Contractor, do hereby certify that:

1. The project has been completed in accordance with the provisions of the Construction Contract, dated_______________, 20______, provided, however, that acceptance of the project by the Owner shall not be deemed to relieve the Contractor of its obligations contained in the Construction Contract with respect to defective workmanship or, materials discovered within one year after the date of completion.

2. If applicable, the Final Inventory attached hereto and made a part hereof is a complete and accurate summary of all units of construction in the project and of work performed in accordance with the Construction Contract.

____
Owner

Date _____________________________ *By*_________________________________

____
Name of Corporation

____

Date _____________________________ *By*_________________________________
Title

RUS FORM 187 (Rev. 2-04)

U.S. Department of Agriculture
Rural Utilities Service

WAIVER AND RELEASE OF LIEN

WHEREAS the undersigned, ______________________________
NAME OF MANUFACTURER, MATERIAL SUPPLIER OR SUBCONTRACTOR

Has furnished to ______________________________ *the following:*
NAME OF CONTRACTOR

______________________________ *for*
KIND OF MATERIAL AND SERVICES FURNISHED

Use in the construction of a project belong to Kerrville Public Utility Board
NAME OF BORROWER

And designated the Rural Utilities Service as Airport Feeder Tie – Underground Work
RUS DESIGNATION

NOW, THEREFORE, the undersigned, ______________________________
NAME OF MANUFACTURER, MATERIAL SUPPLIER, OR SUBCONTRACTOR

for and in consideration of $________________ and other good and valuable consideration, the receipt where of is hereby acknowledged, do(es) hereby waive and release any and all liens, or right to or claim of lien, on the above described project and premises, under any law, common or statutory, on account of labor or materials, or both, heretofore or hereafter furnished by the undersigned to or for the account of said ______________________ for said project.
NAME OF CONTRACTOR

Given under my (our) hand(s) and seal(s) this ____________ day of ________________ 20_____.

____
Name of Manufacturer, Material Supplier, or Subcontractor

By:______________________________
President

This Waiver and Release of Lien must be signed with the full name of the Manufacturer, Material Supplier, or Subcontractor. If the Manufacturer, Material Supplier, or Subcontractor is a partnership, this Waiver and Release of Lien must be signed in the partnership name by a partner. If the Manufacturer, Material Supplier, or Subcontractor is a corporation, this Waiver and Release of Lien must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF CONTRACTOR

____ certifies that he or she is the

______________________________ of ____

TITLE NAME OF CONTRACTOR

the Contractor, in a Construction Contract No. Airport Feeder Tie – Underground Work ________________,

dated _______________, 20____, entered into between the Contractor and Kerrville Public Utilities Board,

NAME OF RUS BORROWER

RUS designation ______________________________, the Owner, and that he or she is authorized to and does make this certification on behalf of said *Contractor in order to induce the Owner to make payment to the Contractor, in accordance with the provisions of said Construction Contract.*

Undersigned further says that all persons who have furnished labor in connection with said construction have been paid in full, that the names of manufacturers, material suppliers, and subcontractors that furnished material or services or both in connection with such construction and the kind or kinds of material or services or both so furnished are:

NAME	***KIND OF MATERIALS AND SERVICES***

and that the releases of liens executed by all such manufacturers, material suppliers, and subcontractors have been furnished the Owner.

____________________________ ***By:*** __________________________________

Date ***President***

This Certificate must be signed with the full name of the Contractor. If the Contractor is a partnership, this Certificate must be signed in the partnership name by a partner. If the Contractor is a corporation, this Certificate must be signed in the corporate name by a duly authorized officer.

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 8/7/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Watkins Insurance Group - Austin
3834 Spicewood Springs Rd, Ste 100
TX 78759

CONTACT NAME: Crystal Norwood
PHONE (A/C, No, Ext): 512-452-5365 FAX (A/C, No): 512-452-0999
E-MAIL ADDRESS: Cnorwood@watkinsinsurancegroup.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Texas Mutual Insurance Company	22945
INSURER B : StarStone Specialty Insurance Company	44776
INSURER C : Atlantic States Insurance Company	22586
INSURER D : Evanston Insurance Company	35378
INSURER E :	
INSURER F :	

INSURED DASUNDE-01
Das Underground Utilities, LLC
P.O. Box 2391
Boerne TX 78006

COVERAGES **CERTIFICATE NUMBER:** 166311493 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
C	X COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; X OCCUR			1000484931	7/1/2026	7/1/2027	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 100,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC						GENERAL AGGREGATE	$ 2,000,000
	OTHER:						PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY; SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	UMBRELLA LIAB; X OCCUR			CSX91247415P-04	7/1/2026	7/1/2027	EACH OCCURRENCE	$ 5,000,000
	X EXCESS LIAB; CLAIMS-MADE						AGGREGATE	$ 5,000,000
	DED; X RETENTION $ 0							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N			0001177509	7/1/2026	7/1/2027	PER STATUTE; OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
D	Excess Liability			MKLV9EUE100051	7/1/2026	7/1/2027	Limit Occ / AGG	5,000,000
D	Pollution Liability			CPLMOL141948	7/28/2026	7/28/2027	Limit	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Officer: David Satsky, Managing Member
Public Utility Board, owners and Its Parents and Affiliates and Their Directors, Officers, Employees are included as an additional insured on the general liability policies with waiver of subrogation on the general liability, and workers compensation policies where required by written contract.
General Liability additional insured endorsements apply to ongoing and completed operations.
General liability are primary and non-contributory when required by written contract.
30 day notice of cancellation endorsement applies when required by written contract.
Umbrella policy is follow form to scheduled underlying liability, subject to policy terms, conditions, and exclusions

CERTIFICATE HOLDER

Kerrville Public Utility Board
PO BOX 294999
Kerrville TX 78029

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Patrick L. Watkins

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – AUTOMATIC STATUS WHEN REQUIRED IN WRITTEN CONSTRUCTION AGREEMENT WITH YOU (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Section **II** – Who Is An Insured is amended to include as an additional insured any person or organization for whom you have performed operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" performed for that additional insured and included in the "products-completed operations hazard".

However, the insurance afforded to such additional insured:

1. Only applies to the extent permitted by law; and

2. Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

1. "Bodily injury" or "property damage" occurring prior to the date the written contract or agreement was executed and in effect.

2. "Bodily injury" or "property damage" arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services for you, for such person or organization, or for others, including:

a. The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs, drawings or specifications; and

b. Supervisory, inspection, or engineering services.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the rendering of or the failure to render any professional services.

3. Any "bodily injury" or "property damage" for which valid and collectible insurance is available under an Owners and Contractors Protective Liability policy that you have purchased.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement you have entered into with the additional insured; or

2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. **Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – AUTOMATIC STATUS WHEN REQUIRED IN CONSTRUCTION AGREEMENT WITH YOU

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Section II – Who Is An Insured is amended to include as an additional insured any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

1. Only applies to the extent permitted by law; and
2. Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:
   a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
   b. Supervisory, inspection, architectural or engineering activities.

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of or the failure to render any professional architectural, engineering or surveying services.

2. "Bodily injury" or "property damage" occurring after:
   a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
   b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement you have entered into with the additional insured; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. **Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

06/30/2026 15:04:19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION) – AUTOMATIC

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART DESIGNATED SITES
POLLUTION LIABILITY LIMITED COVERAGE PART DESIGNATED SITES
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY DESIGNATED TANKS

The following is added to Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery against any person or organization, because of any payment we make under this Coverage Part, to whom the insured has waived its right of recovery in a written contract or agreement. Such waiver by us applies only to the extent that the insured has waived its right of recovery against such person or organization prior to loss.

TexasMutual®

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY POLICY

WC 42 03 04 B
Insured copy

TEXAS WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Texas is shown in item 3.A. of the Information Page.

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule, but this waiver applies only with respect to bodily injury arising out of the operations described in the schedule where you are required by a written contract to obtain this waiver from us.

This endorsement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

The premium for this endorsement is shown in the Schedule.

Schedule

1. ( ) Specific Waiver
   Name of person or organization

   (X) Blanket Waiver
   Any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

2. Operations: ALL TEXAS OPERATIONS
3. Premium:
   The premium charge for this endorsement shall be **2.00** percent of the premium developed on payroll in connection with work performed for the above person(s) or organization(s) arising out of the operations described.
4. Advance Premium: Included, see Information Page

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.
(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy.)
This endorsement, effective on 7/1/25 **at 12:01 a.m.** standard time, forms a part of:

Policy No. 0001177509 of Texas Mutual Insurance Company effective on 7/1/25

Issued to: DAS UNDERGROUND UTILITIES LLC

Jeanette Ward

Authorized representative

This is not a bill

NCCI Carrier Code: 29939

6/27/25

PO Box 12058, Austin, TX 78711-2058
texasmutual.com | (800) 859-5995 | Fax (800) 359-0650

MEMORANDUM

To:	Glenn Andrew Rachel Johnston Larry Howard David Sprouse Mayor Joe Herring, Jr.
From:	Amy Dozier
Date:	August 19, 2026
Re:	Agenda Item No. 6 – Financial Report

Attached please find financial statements for the month ended July 31, 2026.

Highlights include:

KPUB

- **$4.3M increase in net position** on a year-to-date (YTD) basis, which is $1.0M higher than budget.
- **$39.7M in operating revenue** on a YTD basis.
  - Revenues are lower than budget due to a combination of:
    1. kWh sales that are 4.7% lower than budget due primarily to mild weather.
    2. Lower than forecast purchased power cost due to lower than forecast natural gas prices. Natural gas prices have averaged $2.91 per MMBtu so far this fiscal year compared to a budgeted amount of $3.92. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.
- **$2.9M in Rate Stabilization Transfer** on a YTD basis.

Operating Income	$ 1,494,415	
Remove Rate Stabilization Transfer	2,935,144	
Adjusted Operating Loss		$ 4,429,559
Depreciation		3,865,523
Actual Capital Spending		(5,359,938)
YTD Transfer		$ 2,935,144

- **$38.2M in operating expense** on a YTD basis.
  - Operating expense is 8.9% better than budget driven primarily by:
    1. Lower than budget purchased power expense due a combination of kWh purchases that are 3.6% lower than budget as mild weather has driven lower kWh sales and lower than forecast natural gas prices leading to unit costs that are 7.1% lower than budget.
    2. Lower than budget expenses continue in all other categories. In total, combined expenses in Distribution, Customer Accounts, Customer Service and Administrative categories are expected to end the year within 5% of the annual budget.
- **$1.5M in operating income** on a YTD basis.

- **$426K in nonoperating income** on a YTD basis.
  - Nonoperating income is $507K better than budget due to:
    1. Better than budget interest income primarily due to higher than budget invested balances. The FY2026 Budget assumed a 3.75% interest rate, which closely aligns with where rates have stabilized over the last several months.
    2. Lower than budget City of Kerrville transfer due to lower than budget revenues previously discussed.
- **$2.4M in capital contributions**, including FEMA grant revenue of $1.4M.
  - KPUB received $228K in July related to the River Crossing project from the July 4th flood.
  - The remaining FEMA projects relate to work at the Hunt Substation and distribution system restoration that have not been completed. Project completion and a FEMA reimbursement of less than $300K for the remaining projects is not expected until FY2027 or later.
- **$22.6M in over collection of power cost adjustment** as of 7/31/2026, an **increase of $363K** from the prior month.
  - KPUB's billed rate is $110.00 for 1,000 kWh of residential power in July. In the July monthly survey of 29 Central and South Texas utilities, KPUB's $110.00 rate was the lowest. The overall average rate for the 29 utilities is $138.86.
- **$51.6M invested** in municipal investment pools and an account at Happy State Bank.
  - The portfolio of investment accounts earned an annualized blended rate of 3.78% in July.

<u>KPFC</u>

- **$59.9M in generation project costs, including capitalized interest, shown as Capital Assets** as of 7/31/26.
- **$23.1M balance in the Construction Fund** as of 7/31/26, representing unspent proceeds from the 2025A (open market) bond issuance.
- July's expenditures were not large enough to meet the minimum Texas Energy Fund draw amount of $2M, so the next draw will occur in August and include both July and August expenditures.

<u>July 16, 2026 Flood</u>

- KPUB crews responded quickly to flooding on July 16, 2026. Power outages peaked with 5,708 customers out at 3:25 am. Most power was restored during the day, leaving only 27 customers still out by 8:30 pm on July 16th. Remaining power outages, including at the City of Kerrville Water Treatment Plant, were restored on July 17th.
- KPUB requested assistance from outside contractors, James Power Line and Sendero Power Line.
- Thankfully, the July 2026 flood impacted the KPUB system less than the July 2025 flood.
- Immediate repair costs totaled just over $350K. Longer term projects to rebuild damaged river crossings will add additional costs, but the total cost for the event should be less than $450K.
- The event is not yet eligible for FEMA funding. If it becomes eligible, we will apply for a public assistance grant that could offset up to 75% of the cost.

I am happy to answer any questions regarding this report.

Sincerely,

Amy Dozier

Amy Dozier
Assistant General Manager

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 31, 2026
(Unaudited)

	Current Month	Comparison to Budget: Current Month Budget Amount	Comparison to Budget: Variance Favorable (Unfavorable)	Comparison to Budget: Percentage Favorable (Unfavorable)	Comparison to Last Year: Current Last Year	Comparison to Last Year: Variance Favorable (Unfavorable)	Comparison to Last Year: Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	$ 2,548,621	$ 2,794,011	$ (245,390)	-8.78%	$ 2,904,953	$ (356,332)	-12.27%
Commercial/Industrial	1,843,259	2,048,376	(205,117)	-10.01%	2,208,277	(365,018)	-16.53%
Sales to Public Authorities	22,306	21,667	639	2.95%	21,759	547	2.51%
Rate Stabilization Transfer	265,500	321,504	(56,005)	-17.42%	-	265,500	-
Other	46,606	40,106	6,501	16.21%	22,174	24,432	110.19%
TOTAL OPERATING REVENUES	4,726,292	5,225,663	(499,371)	-9.56%	5,157,163	(430,871)	-8.35%
OPERATING EXPENSES							
Purchased Power	3,084,941	3,201,012	116,071	3.63%	3,836,148	751,207	19.58%
Distribution	351,718	380,657	28,938	7.60%	332,772	(18,946)	-5.69%
Customer Accounts	53,779	70,539	16,760	23.76%	61,861	8,082	13.07%
Customer Service, Informational & Sales	29,379	48,584	19,205	39.53%	43,040	13,661	31.74%
Administrative Expenses	582,941	485,895	(97,046)	-19.97%	400,737	(182,204)	-45.47%
Depreciation & Amortization	382,074	405,576	23,503	5.79%	383,352	1,278	0.33%
TOTAL OPERATING EXPENSES	4,484,832	4,592,263	107,430	2.34%	5,057,911	573,078	11.33%
OPERATING INCOME (LOSS)	241,459	633,400	(391,941)	-61.88%	99,252	142,207	143.28%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	165,051	132,812	32,239	24.27%	165,097	(46)	-0.03%
Interest Income - City of Kerrville	7,500	7,500	-	0.00%	9,643	(2,143)	-22.22%
Interest Expense	(6,985)	(9,047)	2,062	22.80%	(9,024)	2,039	22.60%
City of Kerrville - General Fund Transfer	(147,077)	(161,022)	13,945	8.66%	(159,985)	12,908	8.07%
City of Ingram - Franchise Fee	(3,490)	(3,000)	(490)	-16.33%	(3,315)	(175)	-5.27%
Other - Net	3,722	1,250	2,472	197.78%	925	2,797	302.47%
TOTAL NONOPERATING REVENUES (EXP)	18,722	(31,507)	50,229	159.42%	3,341	15,381	460.36%
INCOME BEFORE CONTRIBUTIONS	260,181	601,893	(341,712)	-56.77%	102,593	157,588	153.60%
Capital Contributions - Customer	25,129	68,333	(43,204)	-63.23%	-	25,129	-
Capital Contributions - Grant	227,535	-	227,535	-	-	227,535	-
TOTAL CAPITAL CONTRIBUTIONS	252,664	68,333	184,331	269.75%	-	252,664	-
CHANGE IN NET POSITION	$ 512,845	$ 670,226	$ (157,381)	-23.48%	$ 102,593	$ 410,252	399.88%
NET POSITION AT BEGINNING OF MONTH	$ 84,763,265				$ 81,183,797		
NET POSITION AT END OF MONTH	$ 85,276,110				$ 81,286,390		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 31, 2026
(Unaudited)

		Comparison to Budget			Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	$ 20,578,154	$ 23,875,142	$ (3,296,988)	-13.81%	$ 20,809,891	$ (231,738)	-1.11%
Commercial/Industrial	15,350,815	17,201,112	(1,850,297)	-10.76%	15,416,958	(66,143)	-0.43%
Sales to Public Authorities	218,947	216,666	2,281	1.05%	217,699	1,248	0.57%
Rate Stabilization Transfer	2,935,144	2,727,208	207,936	7.62%	-	2,935,144	-
Other	631,903	589,938	41,966	7.11%	578,346	53,557	9.26%
TOTAL OPERATING REVENUES	39,714,963	44,610,066	(4,895,102)	-10.97%	37,022,895	2,692,069	7.27%
OPERATING EXPENSES							
Purchased Power	24,654,457	27,525,433	2,870,977	10.43%	24,497,405	(157,052)	-0.64%
Distribution	3,434,870	3,766,094	331,224	8.79%	3,416,052	(18,817)	-0.55%
Customer Accounts	577,430	679,261	101,831	14.99%	647,599	70,169	10.84%
Customer Service, Informational & Sales	355,993	458,025	102,032	22.28%	331,418	(24,576)	-7.42%
Administrative Expenses	5,332,275	5,503,420	171,145	3.11%	4,757,388	(574,887)	-12.08%
Depreciation & Amortization	3,865,523	4,010,764	145,241	3.62%	3,801,454	(64,069)	-1.69%
TOTAL OPERATING EXPENSES	38,220,549	41,942,998	3,722,449	8.88%	37,451,316	(769,232)	-2.05%
OPERATING INCOME (LOSS)	1,494,415	2,667,068	(1,172,653)	-43.97%	(428,422)	1,922,836	448.82%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,622,998	1,328,120	294,879	22.20%	1,675,930	(52,931)	-3.16%
Interest Income - City of Kerrville	79,286	79,284	2	0.00%	100,715	(21,429)	-21.28%
Interest Expense	(71,244)	(90,472)	19,228	21.25%	(84,689)	13,446	15.88%
City of Kerrville - General Fund Transfer	(1,247,247)	(1,380,374)	133,127	9.64%	(1,164,690)	(82,557)	-7.09%
City of Ingram - Franchise Fee	(27,817)	(30,000)	2,183	7.28%	(28,749)	933	3.24%
Other - Net	70,424	12,500	57,924	463.39%	774	69,650	8998.68%
TOTAL NONOPERATING REVENUES (EXP)	426,401	(80,942)	507,343	626.80%	499,290	(72,889)	-14.60%
INCOME BEFORE CONTRIBUTIONS	1,920,816	2,586,126	(665,311)	-25.73%	70,868	1,849,948	2610.41%
Capital Contributions - Customer	971,356	683,331	288,025	42.15%	820,008	151,348	18.46%
Capital Contributions - Grant	1,403,683	-	1,403,683	-	-	1,403,683	-
TOTAL CAPITAL CONTRIBUTIONS	2,375,038	683,331	1,691,708	247.57%	820,008	1,555,030	189.64%
CHANGE IN NET POSITION	$ 4,295,854	$ 3,269,457	$ 1,026,397	31.39%	$ 890,876	$ 3,404,978	382.21%
NET POSITION AT BEGINNING OF YEAR	$ 80,980,256				$ 80,395,514		
NET POSITION AT END OF MONTH	$ 85,276,110				$ 81,286,390		

Kerrville Public Utility Board
Balance Sheet
As of Jul 31, 2026

ASSETS & DEFERRED OUTFLOWS	Jul 31, 2026	Sep 30, 2025
CURRENT ASSETS		
Revenue Fund:		
Cash and Cash Equivalents	$ 413,308	$ 1,230,495
Investments	36,415,063	32,577,205
Less: Customer Deposits	(576,352)	(535,058)
Total Revenue Fund	36,252,018	33,272,642
Construction Fund:		
Cash and Cash Equivalents	6,118	5,931
Investments	1,741,379	1,686,519
Total Construction Fund	1,747,497	1,692,450
Rate Stabilization Fund:		
Investments	2,291,649	2,219,454
Total Rate Stabilization Fund	2,291,649	2,219,454
Long Term Rate Stabilization Fund:		
Investments	6,540,162	5,192,203
Total Long Term Rate Stabilization Fund	6,540,162	5,192,203
Customer Accounts Receivable, net of allowance	1,212,017	1,867,586
Receivable from KPFC	2,500	2,500
Unbilled Revenue	2,206,613	2,206,613
Materials and Supplies	2,616,688	2,576,593
Deposits with Other Entities	1,482,778	1,445,958
Other Current Assets	-	17,143
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428
TOTAL CURRENT ASSETS	$ 55,423,350	$ 51,564,571
NONCURRENT ASSETS		
Customer Deposits	$ 576,352	$ 535,058
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000
Interest and Sinking Fund	375,477	456,650
Emergency, Repair, Replace, Contingency Fund	4,284,877	4,149,888
Noncurrent Advance to City of Kerrville	2,142,859	3,214,287
Capital Assets, net of Accum Depreciation	55,738,670	53,895,811
Right to Use Assets, Net of Accum Amortization	31,340	44,967
Subscription Assets, Net of Accum Amortization	604,828	939,646
TOTAL NONCURRENT ASSETS	$ 69,004,402	$ 68,486,307
DEFERRED OUTFLOWS - PENSION AND OPEB	$ 834,828	$ 834,828
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 125,262,580	$ 120,885,706

LIABILITIES, DEFERRED INFLOWS & NET POSITION	Jul 31, 2026	Sep 30, 2025
CURRENT LIABILITIES		
Current Portion - Bonds Payable	$ 481,000	$ 464,000
Current Portion - Leases Payable	16,354	16,354
Current Portion - Subscriptions Payable	320,853	320,853
Current Portion - Compensated Absences	623,867	601,732
Current Portion - Total OPEB Liability	9,368	9,368
Accounts Payable - Net Purchased Power	10,351,976	10,045,827
Accounts Payable and Accrued Liabilities	1,318,526	1,239,232
Power Cost Adjustment - Over Collected	22,609,525	22,264,314
TOTAL CURRENT LIABILITIES	$ 35,731,468	$ 34,961,680
NONCURRENT LIABILITIES		
Noncurrent - Bonds Payable	$ 1,020,000	$ 1,501,000
Noncurrent - Leases Payable	23,850	31,688
Noncurrent - Subscriptions Payable	95,809	427,289
Customer Deposits	576,352	535,058
Noncurrent - Compensated Absences	112,541	112,541
Noncurrent - Deferred Compensation	90,256	-
Net Pension Liability	1,935,595	1,935,595
Noncurrent - Total OPEB Liability	271,320	271,320
TOTAL NONCURRENT LIABILITIES	$ 4,125,723	$ 4,814,491
DEFERRED INFLOWS - PENSION AND OPEB	$ 129,278	$ 129,278
TOTAL LIABILITIES AND DEFERRED INFLOWS	$ 39,986,469	$ 39,905,449
TOTAL NET POSITION	$ 85,276,110	$ 80,980,256
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	$ 125,262,580	$ 120,885,706

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended July 31, 2026

	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Restricted: Debt Reserve Fund	Restricted: Interest & Sinking Fund	Restricted: Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Beginning Fund Balance		$ 35,091,341	$ 1,735,810	$ 2,284,321	$ 5,940,330	$ -	$ 330,487	$ 4,271,174	$ 49,653,463
Withdrawals:									
Happy Investment - TMRS	07/01/26	(110,073)							(110,073)
Happy Investment - TXHB	07/01/26	(104,079)							(104,079)
Happy Investment - LCRA	07/02/26	(688,104)							(688,104)
Happy Investment - ERCOT	07/14/26	(444,449)							(444,449)
Happy Investment - ERCOT	07/16/26	(164)							(164)
Happy Investment - Concho Bluff	07/17/26	(77,952)							(77,952)
Happy Investment - CPS	07/20/26	(1,325,076)							(1,325,076)
Happy Investment - Next Era	07/20/26	(469,440)							(469,440)
Happy Investment - DG Solar	07/27/26	(26,836)							(26,836)
Happy Investment - ERCOT	07/29/26	(77,693)							(77,693)
Happy Investment - Engie	07/30/26	(85,112)							(85,112)
Investments:									
Happy Investment	07/10/26	1,450,000							1,450,000
Happy Investment	07/17/26	900,000							900,000
Happy Investment	07/24/26	1,225,000							1,225,000
Happy Investment	07/31/26	1,089,286							1,089,286
Fund Balance after Withdrawals & Investments		36,346,647	1,735,810	2,284,321	5,940,330	-	330,487	4,271,174	50,908,769
Allocation of:									
Interest Income	07/31/26	112,340	5,569	7,328	19,117	-	1,065	13,702	159,121
Total Interest Allocation		112,340	5,569	7,328	19,117	-	1,065	13,702	159,121
Fund Balance After Allocations		36,458,987	1,741,379	2,291,649	5,959,448	-	331,552	4,284,877	51,067,891
Interfund Transfers :									
Debt Service	07/31/26	(43,925)					43,925		-
COK Advance Repayment	07/31/26				580,714				580,714
Ending Fund Balance		$ 36,415,063	$ 1,741,379	$ 2,291,649	$ 6,540,162	$ -	$ 375,477	$ 4,284,877	$ 51,648,605

Kerrville Public Utility Board
Debt Ratios
For the Month Ended July 31, 2026

DEBT SERVICE COVERAGE RATIO:

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	$ 512,845	$ 4,295,854	$ 3,989,720
PLUS:			
Interest Expense (net of amortizations)	6,985	71,244	94,860
Depreciation & Amortization Expense	382,074	3,865,523	4,636,942
Numerator	901,904	8,232,621	8,721,522
DIVIDED BY:			
Interest Expense (net of amortizations)	6,985	71,244	94,860
Principal Payment Due	68,184	681,839	818,207
Denominator	$ 75,169	$ 753,083	$ 913,067
DEBT SERVICE COVERAGE RATIO	12.00	10.93	9.55
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	36,252,018
Construction Fund	1,747,497
Rate Stabilization Fund	2,291,649
Long Term Rate Stabilization Fund	6,540,162
Emergency, Repair, Replace, Contingency Fund	4,284,877
Total Cash and Cash Equivalents **(A)**	$ 51,116,203
DENOMINATOR:	
Fiscal Year-to-Date Operating Expense	$ 38,220,549
Less: Fiscal Year-to-Date Depreciation	3,865,523
Adjusted Operating Expense **(B)**	$ 34,355,025
NUMBER OF DAYS ELAPSED IN FISCAL YEAR **(C)**	304
DAYS CASH ON HAND (= A / B * C)	**452**
MINIMUM DAYS CASH ON HAND PER POLICY 47	**175**

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

NUMERATOR:	
Fiscal Year-to-Date Operating Income	$ 1,494,415
Less: City of Kerrville and Ingram Transfers	(1,275,064)
Plus: 50% of PPA Expense	8,186,850
Plus: Fiscal Year-to-Date Depreciation	3,865,523
Plus: Fiscal Year-to-Date Interest Income - Investments	1,622,998
Plus: Fiscal Year-to-Date Capital Contributions	2,375,038
Total Numerator **(D)**	$ 16,269,761
DENOMINATOR:	
50% of PPA Expense	$ 8,186,850
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator **(E)**	$ 7,520,573
FIXED CHARGE COVERAGE RATIO (= D / E)	2.2
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 July 31, 2026
(Unaudited)

		Comparison to Budget			Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Current Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Sales of Electricity - Power Agreements	$ -	$ -	$ -	-	$ 935,850	$ (935,850)	-100.00%
TOTAL OPERATING REVENUES	-	-	-	-	935,850	(935,850)	-100.00%
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%	935,850	(935,850)	-100.00%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	86,789	11,930	74,859	627.48%	-	86,789	-
Interest Expense	(338,869)	(319,098)	(19,771)	6.20%	218,764	(557,633)	-254.90%
Allowance for Borrowed Funds during Construction	318,848	318,848	(0)	0.00%	-	318,848	-
Debt Issuance Cost Refund	-	-	-	-	(1,225,323)	1,225,323	-100.00%
Amortization - Debt Premium	13,693	13,693	0	0.00%	13,693	-	0.00%
TOTAL NONOPERATING REVENUES (EXP)	80,461	25,373	55,088	217.11%	(992,866)	1,073,327	-108.10%
INCOME BEFORE CONTRIBUTIONS	80,461	21,206	59,255	279.42%	(57,016)	137,477	-241.12%
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 80,461	$ 21,206	$ 59,255	279.42%	$ (57,016)	$ 137,477	-241.12%
NET POSITION AT BEGINNING OF MONTH	$ 357,479				$ -		
NET POSITION AT END OF MONTH	$ 437,940				$ (57,016)		

Kerrville Public Utility Board Public Facility Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 31, 2026
(Unaudited)

		Comparison to Budget			Comparison to Last Year		
	Year to Date	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Current Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Sales of Electricity - Power Agreements	$ -	$ -	$ -	-	$ 935,850	$ (935,850)	-100.00%
TOTAL OPERATING REVENUES	-	-	-	-	935,850	(935,850)	-100.00%
OPERATING EXPENSES							
Administrative Expenses	7,000	41,667	34,667	83.20%	-	(7,000)	-
TOTAL OPERATING EXPENSES	7,000	41,667	34,667	83.20%	-	(7,000)	-
OPERATING INCOME (LOSS)	(7,000)	(41,667)	34,667	83.20%	935,850	(942,850)	-100.75%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,069,419	438,715	630,704	143.76%	-	1,069,419	-
Interest Expense	(3,228,464)	(3,208,693)	(19,771)	0.62%	218,764	(3,447,228)	-1575.77%
Allowance for Borrowed Funds during Construction	3,206,193	3,206,193	(0)	0.00%	-	3,206,193	-
Debt Issuance Cost Refund	540	-	540	-	(1,225,323)	1,225,863	-100.04%
Amortization - Debt Premium	136,934	136,930	4	0.00%	13,693	123,240	900.00%
TOTAL NONOPERATING REVENUES (EXP)	1,184,622	573,145	611,477	106.69%	(992,866)	2,177,487	-219.31%
INCOME BEFORE CONTRIBUTIONS	1,177,622	531,479	646,143	121.57%	(57,016)	1,234,637	-2165.44%
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 1,177,622	$ 531,479	$ 646,143	121.57%	$ (57,016)	$ 1,234,637	-2165.44%
NET POSITION AT BEGINNING OF YEAR	$ (739,681)				$ -		
NET POSITION AT END OF MONTH	$ 437,940				$ (57,016)		

Kerrville Public Utility Board Public Facility Corporation
Balance Sheet
As of Jul 31, 2026

ASSETS	Jul 31, 2026	Sep 30, 2025
CURRENT ASSETS		
Revenue Fund:		
Cash and Cash Equivalents	$ 2,598	$ 2,517
Total Revenue Fund	2,598	2,517
Construction Fund:		
Cash and Cash Equivalents	23,090,789	37,531,419
Total Construction Fund	23,090,789	37,531,419
Capitalized Interest Fund:		
Cash and Cash Equivalents	4,038,611	6,789,446
Total Capitalized Interest Fund	4,038,611	6,789,446
Interest and Sinking Fund:		
Cash and Cash Equivalents	1,600	1,019
Total Interest and Sinking Fund	1,600	1,019
Accrued Interest Receivable	86,780	151,472
TOTAL CURRENT ASSETS	$ 27,220,377	$ 44,475,873
NONCURRENT ASSETS		
Capital Assets, Nondepreciable	59,895,218	34,789,758
TOTAL NONCURRENT ASSETS	$ 59,895,218	$ 34,789,758
TOTAL ASSETS	$ 87,115,595	$ 79,265,631

LIABILITIES & NET POSITION	Jul 31, 2026	Sep 30, 2025
CURRENT LIABILITIES		
Accrued Interest - 2025A	$ 1,136,969	$ 853,548
Accounts Payable	96,095	1,109,510
TOTAL CURRENT LIABILITIES	$ 1,233,064	$ 1,963,058
NONCURRENT LIABILITIES		
Accrued Interest - 2025B	22,945	674
Bonds Payable	82,012,000	74,495,000
Bond Premium	3,409,647	3,546,580
TOTAL NONCURRENT LIABILITIES	$ 85,444,591	$ 78,042,254
TOTAL LIABILITIES AND DEFERRED INFLOWS	$ 86,677,655	$ 80,005,312
TOTAL NET POSITION	$ 437,940	$ (739,681)
TOTAL LIABILITIES & NET POSITION	$ 87,115,595	$ 79,265,631

2026 CAPITAL BUDGET
JUNE 2026

	Year To Date	Budget	Variance	% Budget Spent
METERS				
EXISTING AMR SYSTEMS	46,193.28	75,000.00	28,806.72	
METERS	46,193.28	75,000.00	28,806.72	62%
LINE CONSTRUCTION				
KT10 RIVER CROSSING	104,296.28	100,000.00	(4,296.28)	
UTILITY RESTORATION-WORK TO BE COMPLETED	68,689.63	-	(68,689.63)	
JULY 16, 2026 FLOOD	-	-	-	
ORDINARY REPLACEMENTS	37,163.32	150,000.00	112,836.68	
CUSTOMER EXTENSIONS	1,430,482.44	1,800,000.00	369,517.56	
SYSTEM IMPROVEMENTS	107,752.82	260,000.00	152,247.18	
POLE INSPECTION REPLACEMENTS	143,319.88	250,000.00	106,680.12	
POWER FACTOR IMPROVEMENT	-	15,000.00	15,000.00	
PADMOUNT REFURBISH & REPLACEMENTS	-	20,000.00	20,000.00	
STREET LIGHTS	253,010.85	75,000.00	(178,010.85)	
LE50-RB50 FEEDER TIE	56,590.09	550,000.00	493,409.91	
JACK FURMAN T2 FDR EXITS & TIE UPGRADES	-	400,000.00	400,000.00	
LINE CONSTRUCTION	2,201,305.31	3,620,000.00	1,418,694.69	61%
HEAVY EQUIPMENT & VEHICLES				
DIGGER DERRICK TRUCK	370,013.07	393,000.00	22,986.93	
AUGER	7,364.20	7,000.00	(364.20)	
GENERATOR DAMAGED FROM FLOOD	78,751.40	-	(78,751.40)	
HEAVY EQUIPMENT & VEHICLES	456,128.67	400,000.00	(56,128.67)	114%
GENERAL PLANT/OTHER				
MISC CAPITAL TOOLS/EQUIPMENT	7,185.88	-	(7,185.88)	
NORMAL IT	-	10,000.00	10,000.00	
MAJOR IT	22,223.00	160,000.00	137,777.00	
EQUIPMENT PARKING SITE	14,474.19	-	(14,474.19)	
FACILITY SECURITY UPGRADES	12,023.11	-	(12,023.11)	
GENERAL PLANT/OTHER	55,906.18	170,000.00	114,093.82	33%
SUBSTATIONS				
HUNT SUBSTATION	-	350,000.00	350,000.00	
JACK FURMAN SUBSTATION	2,260,675.42	2,085,631.00	(175,044.42)	
MINOR SUBSTATION IMPROVEMENTS	57,851.19	100,000.00	42,148.81	
DISTRIBUTED AUTOMATION EQUIPMENT	-	15,000.00	15,000.00	
LEGION T2 ADDITION	-	200,000.00	200,000.00	
SUBSTATIONS	2,318,526.61	2,750,631.00	432,104.39	84%
BROADBAND				
TEXAS MIDDLE MILE FIBER EXTENSION GRANT	26,342.22	-	(26,342.22)	
BROADBAND	26,342.22	-	(26,342.22)	
TOTAL CAPITAL BUDGET	5,104,402.27	7,015,631.00	1,911,228.73	73%

MEMORANDUM

To:	Glenn Andrew Rachel Johnston David Sprouse Larry Howard Mayor Joe Herring, Jr.
From:	Howard Hall
Date:	August 26, 2026
Re:	Agenda Item No. 8– Reliability Report

Attached for your review is the third quarter Reliability Report for FY 2026-2027.

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

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

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

Sincerely,

Howard Hall

Howard Hall
Supervisor, Field Services

		KPUB Reliability Report						
Substation		**FY 26 Q1**	**FY 26 Q2**	**FY 26 Q3**	**FY 26 Q4**	**Number Served**	**FY Totals 10/1/25-9/30/2026**	**Noted Significant Events**
Hunt	w/o ME	2.37	2.04	14.84		2400	19.25	
(Hunt)	w/ ME	2.37	2.04	10.04			14.45	
Ingram	w/o ME	7.72	.30	7.19		1786	15.21	
(Ingram)	w/ ME	7.72	.30	21.04			29.06	
Jack Furman	w/o ME	2.67	6.08	.61		902	9.36	
(Kerrville/Ingram)	w/ ME	2.67	6.08	3.00			11.75	
Rim Rock	w/o ME	2.97	4.42	7.10		3239	14.49	5/22 117 customers 23min tree failure
(Kerrville South)	w/ ME	2.97	4.42	8.69			16.08	
Harper	w/o ME	2.48	1.40	2.10		4897	5.98	
(West Kerrville)	w/ ME	2.48	1.40	4.64			8.52	
Stadium	w/o ME	2.21	1.73	3.62		4031	7.56	
(Central Kerrville)	w/ ME	2.21	1.73	6.14			10.08	
Travis	w/o ME	1.20	.70	.37		4526	2.27	5/20 636 customers 1hr48min tree failure 5/20 944 customers 4hrs32min lightning
(Center East Kerrville)	w/ ME	1.20	.70	89.05			90.95	
Legion	w/o ME	3.45	.12	5.84		2283	9.41	
(East Kerrville)	w/ ME	3.45	.12	10.27			13.84	
R. F. Barker	w/o ME	0.14	1.46	7.12		1294	8.72	
(Center Point	w/ ME	0.14	1.46	19.84			21.44	
Total	w/o ME	2.54	1.73	4.35		25358	8.62	
	w/ ME	2.54	1.73	20.78			25.05	
* ME: Major Event Days		*10/1 - 12/31*	*1/1-3/31*	*4/1-6/30*	*7/1-9/30*		*FY 26 Annualized*	