



Economic Improvement Corporation Meeting Agenda
February 18, 2025 at 4:00 PM
City Hall, 701 Main Street, Kerrville, Texas



CALL TO ORDER:

1. **INVOCATION:**

2. **VISITORS/CITIZENS FORUM:** *Any citizen with business not scheduled on the agenda may speak to the Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.*

3. **APPROVAL OF MINUTES:**

- 3.A Minutes from the regular Economic Improvement Corporation (EIC) meeting held on December 16, 2024. (K Franchina, Deputy City Secretary)

4. **MONTHLY REPORTS:**

- 4.A Kerrville Economic Improvement Corporation (EIC) project status update, including Downtown Area Streetscape, Scott Schreiner Golf Course improvements, Olympic Pool renovations, Cailloux Theater improvements, Schreiner Edington Gym and CTWD, Granger MacDonald Park, A.C. Schreiner House, Megaacrete, Habitat for Humanity Mariposa and Travis Street Pump Station upsizing. (M Hornes, Assistant City Manager)
- 4.B January 2025 Monthly Financial Report. (T Rodriguez, Assistant Director of Finance)

5. **CONSIDERATION AND POSSIBLE ACTION:**

- 5.A Consider funding an economic development manager as a City employee through an amendment to the Administrative Services Contract between the City of Kerrville, Texas Economic Improvement Corporation and City of Kerrville, Texas. (M Hornes, Assistant City Manager)
- 5.B Report from James Avery Craftsman as to its employment positions for 2024 pursuant to its Economic Grant Agreement with the Economic Improvement Corporation. (Eligible for Executive Session.) (M Hornes, Assistant City Manager)

6. **EXECUTIVE SESSION:** *The Economic Improvement Corporation (EIC) may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above if items meet the qualifications in Chapter 551 of the Texas Government Code. The EIC also reserves the right to meet in executive session on the following issue(s):*

- 6.A Report from James Avery Craftsman as to its employment positions for 2024 pursuant to its Economic Grant Agreement with the Economic Improvement Corporation 551.071, 551.087. (M Hornes, Assistant City Manager)

7. **ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY.**
8. **ITEMS FOR FUTURE AGENDAS:** *The Economic Improvement Corporation may suggest items or topics for future agendas.*

ADJOURN.

The facility is wheelchair accessible, and accessible parking spaces are available. Requests for accommodation or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1118 for further information.

I hereby certify that this agenda was posted as notice of the meeting on the bulletin board at City Hall, City of Kerrville, Texas, and on the City's website February 14, 2025 at 12:30 p.m., and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Shelley McElhannon, TRMC, City Secretary, City of Kerrville, Texas



**TO BE CONSIDERED BY THE ECONOMIC IMPROVEMENT
CORPORATION
CITY OF KERRVILLE, TEXAS**

CAPTION: Minutes from the regular Economic Improvement Corporation (EIC) meeting held on December 16, 2024. (K Franchina, Deputy City Secretary)

AGENDA DATE: February 18, 2025

DATE SUBMITTED: 09/17/2024

SUBMITTED BY:

EXHIBITS:

1. EIC Minutes 12162024

Expenditure:
Account Number:
Payment to/Vendor
name:

Amount Budgeted:
Account Balance:

Kerrville 2050 Item?
No

Key Priority Area:

SUMMARY:

Minutes from the regular Economic Improvement Corporation (EIC) meeting held on December 16, 2024.

RECOMMENDED ACTION:

Approve minutes as presented.

**ECONOMIC IMPROVEMENT
CORPORATION MINUTES
REGULAR MEETING**

**KERRVILLE, TEXAS
DECEMBER 16, 2024 4:00 PM**

On December 16, 2024 at 4:00 p.m., President Clarkson called the Economic Improvement Corporation meeting to order in City Hall Council Chambers, 701 Main Street, Kerrville, Texas 78028. President Kim Clarkson led the invocation.

**ECONOMIC IMPROVEMENT
CORPORATION MEMBERS PRESENT:**

Kim Clarkson, President
Celeste Hamman, Vice-President
Gregg Appel
Gilberto Paiz
Kyle Bond
Jeff Harris
T. Beck Gipson

**ECONOMIC IMPROVEMENT
CORPORATION MEMBERS ABSENT:**

None

VISITORS PRESENT: A list of the citizen speakers present during the meeting is on file in the City Secretary's Office for the required retention period. There were no citizen speakers.

CALL TO ORDER:

President Clarkson called the meeting to order at 4:00 p.m.

1. **INVOCATION:**

President Clarkson led the invocation. Kyle Bond volunteered to lead the invocation at the January 2025 meeting.

2. **VISITORS/CITIZENS FORUM:** *Any citizen with business not scheduled on the agenda may speak to the Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.*

There were no citizen speakers.

3. **APPROVAL OF MINUTES:**

3.A Minutes from the regular Economic Improvement Corporation (EIC) meeting held on November 18, 2024. (K Franchina, Deputy City Secretary)

Vice-President Hamman motioned to approve the minutes as presented, seconded by Kyle Bond. The motion passed 7-0.

4. **MONTHLY REPORTS:**

4.A Kerr Economic Development Corporation (KEDC) update. (K Milton-Jordan, KEDC)

Katie Milton-Jordan introduced employee Chelsea Fore, presented the KEDC update and responded to questions.

4.B Kerrville Economic Improvement Corporation (EIC) project status update, including Downtown Area Streetscape, Scott Schreiner Golf Course improvements, Olympic Pool renovations, Cailloux Theater improvements, , A.C. Schreiner House renovations, Granger McDonald Park, Megaacrete, Habitat for Humanity, Schreiner University CTWD and Edington Gym Renovations, James Avery Traffic Signal installation and Travis Street Pump Station upsizing. (M Hornes, Assistant City Manager)

Michael Hornes presented Habitat for Humanity speakers.
Habitat for Humanity speakers were as follows:

- Brent Hunter, home values update
- Kevin Bernhard, land development update
- Mary Campana, general update

Michael Hornes presented the EIC project status update and responded to questions.

4.C Financial Report for month-ending 10-31-2024. (T Rodriguez, Assistant Finance Director)

Trina Rodriguez presented the monthly financial update. She, and Michael Hornes, responded to questions.

5. **INFORMATION AND DISCUSSION:**

5.A Update on the Kerrville 2050 Comprehensive Plan Update. (D Paxton, Director of Planning and Development)

Drew Paxton presented the K2050 Comprehensive Plan update. He, and Michael Hornes, responded to questions. Drew invited the members to attend the next K2050 Comprehensive Plan meetings.

6. **CONSIDERATION AND POSSIBLE ACTION:**

6.A Consider staff utilization of budgeted training funds to send Assistant City Manager Hornes to a Retail Conference; to spend no more than \$1200. (M Hornes, Assistant City Manager)

Michael Hornes presented a retail training opportunity and asked for funding not to exceed \$1200 to attend. He responded to questions.

Kyle Bond motioned to approve the funding request for training, seconded by Vice-President Hamman seconded. The motion passed 7-0.

6.B Discussion to reschedule the Economic Improvement Corporation (EIC) FY2025 January and February meetings as they fall on a holiday. (M Hornes, Assistant City Manager)

Michael Hornes suggested new dates for the upcoming EIC meetings for January 13, 2025, and February 10, 2025 due to the holidays.

President Clarkson recommended canceling the January meeting due to lack of member's availability. President Clarkson recommended the February meeting be held on February 18, 2025 at 4:00 pm.

The EIC did not break into closed Executive Session.

7. **EXECUTIVE SESSION:** *The Economic Improvement Corporation may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel/officers), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.*

8. **ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY.** None.

9. **ITEMS FOR FUTURE AGENDAS:** None.

ADJOURN.

President Clarkson adjourned the meeting at 5:34 p.m.

APPROVED BY THE ECONOMIC IMPROVEMENT CORPORATION:_____

APPROVED:

Kim Clarkson, President

ATTEST:

Kesha Franchina, Deputy City Secretary

Monthly EIC Project Status Report

	Project Name	Description	Estimated Design Completion	Estimated Construction Completion	Comments
1	Downtown Area Streetscape	Relocate overhead utility lines to underground; improved beautification of the garage with limestone influences, LED light upgrades and wrought iron railing.	N/A	Summer 2025	KPUB portion is complete for underground utility work. Stop signs installed, masonry and wrought iron railing installed. Street lighting installed on Water Street. Decorative lighting to be installed on Clay St. near Downtown Parking Garage.
2	Scott Schreiner Golf Course improvements	Improvements to the existing golf course	Complete	Summer 2025	EIC and City Council approvals for funding complete. Design complete. Construction in progress, with construction completion anticipated for Summer 2025
3	Olympic Pool renovations	Renovations to the Olympic pool	Feb-2025	Spring 2026	EIC and City Council approvals for funding complete. Design anticipated to complete March 2025 with construction completion anticipated Spring 2026.
4	Cailloux Theater Improvements	Repair of HVAC and roof systems	Complete	Fall 2025	EIC and City Council approvals for funding complete. Design complete and project awarded by City Council at October 22, 2024 meeting. Construction to begin in March of 2025. Theater to close during construction.
5	Travis Street Pump Station Upsizing	Increase distribution capacity of the Travis St pump station to meet TCEQ requirements for future developments.	TBD	TBD	Project approved by City Council March 26, 2024. Staff and engineer currently in communication with TCEQ regarding design requirements for the pump station upgrades. Construction completion anticipated for 2026.
6	A.C Schreiner House/HHHC	Repurposing of house and grounds located at 529 Water Street on BHML Campus	Complete	Fall 2025	Design complete. Contract amendment for GMP approved by City Council. Construction commenced October, 2024 with Estimated construction completion in October 2025.
7	Granger McDonald Park	Creation of a new city park along Nimitz Lake in the landing subdivision	Early 2025	TBD	Currently in design phase with Hewitt Engineering. The City of Kerrville submitted a grant application with Texas Parks and Wildlife. Construction schedule will follow based on the outcome of the grant application. GRC has contracted with a grant writer to assist in the City’s submission.
8	Megacrete	New autoclave aerated concrete plant	TBD	TBD	Megacrete permit application with TCEQ currently under review.
9	Habitat for Humanity	Infrastructure funding for the new Mariposa subdivision	Complete	TBD	Infrastructure construction in progress with completion anticipated in April, 2025.
10	Schreiner University CTWD and Edington Gym Upgrades	New Center for Talent and Workforce Development and renovations to the Edington Gym	Complete	Fall 2025	Schreiner has hired a director for the CTWD and is currently renovating the Edington Gym Space
11	James Avery Traffic signal	TBD	TBD	TBD	TBD

Financial update for the month ended January 31, 2025

**Economic Improvement Corporation Meeting
February 18, 2025**



Sales Tax Revenue Bond Series 2023

Statement of Activities

Month Ended January 31, 2025

	Budget	FY2024 Total	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Total thru Jan 2025
Revenues:							
Bond Proceeds	20,000,000	20,000,000	-	-	-	-	20,000,000
Pool Interest Income	750,772	870,506	84,825	71,321	71,936	69,260	1,167,848
ST Investment Income	-	-	-	5,925	8,842	7,129	21,897
Projects:		-					
Scott Schreiner Golf Course Improvements	4,000,000	309,195	16,074	2,600	50,705	207,546	586,120
Olympic Pool Improvements	7,000,000	75,668	198,873	43,004	21,227	1,694	340,466
Cailloux Theater Roof & HVAC	4,000,000	25,407	-	-	-	-	25,407
Existing Parks Improvements	800,000	374,658	-	-	-	-	374,658
Granger McDonald Park Improvements	2,200,000	-	-	-	-	-	-
Heart of the Hills Heritage Center	2,000,000	-	-	-	-	-	-
Investments:	-	-	1,935,327	-	-	-	1,935,327
Arbitrage Payable:	-	302,084	-	-	-	-	302,084
Interest Receivable:	-	-	-	5,925	8,842	7,129	21,897
Net Cash Balance		19,783,494	(2,065,449)	25,717	5	(139,981)	17,603,786

Cash Analysis as of December 31, 2024					
Type	Purchase	Maturity	Yield	Placement	Amount
Pool			4.53%	EIC TexPool - 2023 Revenue Bonds	\$ 17,905,870
Com. Paper	10/31/2024	7/25/2025	4.51%	MUFG Bank CP - 62479LUR4	\$ 1,957,574
				2023 Revenue Bonds and Investments	\$ 19,863,444

Bond Proceeds less Project Expenses = 18,673,350

Interest Earnings less Arbitrage = 887,660



Debt Covenants

- 1) Parameters regarding the 85/15 spend down of bond funds
 - 85% of original proceeds must be spent within 3 years, and 100% within five years
- 2) If there are savings from the original project list, how may the excess funds be utilized?
 - Only to finance other improvements to Parks and Park Facilities (quality of life category)
- 3) Debt Service Coverage Ratio
 - Cash & Annual Revenues - Operating Expenses - depreciation / Debt Service
 - Ongoing annual basis, are operations sustainable and still have Debt Service Coverage (1.5x preferable)



Economic Improvement Corporation

Statement of Activities

Month Ended January 31, 2025

	Annual Budget	Current Period	YTD Actual	YTD Budget Estimate	Better/Worse YTD Estimate
Revenues					
Sales and Use Tax	\$ 5,104,402	\$ 400,372	\$ 1,591,613	\$ 1,660,882	\$ (69,269)
Interest Income	153,247	32,426	102,488	62,908	39,580
Investment Maturity	4,000,000	1,000,000	1,000,000	1,000,000	-
Total Revenues	9,257,649	1,432,799	2,694,101	2,723,789	(29,689)

	Annual Budget	Current Period	YTD Actual	YTD Budget Estimate	Better/Worse YTD Estimate
Expenditures					
Administrative					
Supplies and Miscellaneous	650	-	-	-	-
Training	10,000	-	-	-	-
Legal Services	10,000	-	-	-	-
Professional Services	213,200	17,767	71,067	71,067	-
Kerr Economic Development Corp.	343,750	85,938	171,875	171,875	-
Total Administrative	577,600	103,704	242,942	242,942	-
Debt Service					
Debt Service - Series 2015 (KSC)	603,100	50,258	201,033	201,033	-
Debt Service - Series 2019 Ref (River Trail)	257,100	21,425	85,700	85,700	-
Debt Service - Series 2020 Ref (River Trail)	230,500	19,208	76,833	76,833	-
Debt Service - Series 2023 (Quality of Life)	1,468,750	122,396	489,583	489,583	-
Total Debt Service	2,559,450	213,287	853,150	853,150	-
Investment Purchase	2,000,000	-	1,935,327	1,935,327	-
Projects					
Downtown Utilities/Streetscape	69,937	-	-	-	-
Travis Street Pump Station Upgrades	600,000	2,247	8,399	8,399	-
Schreiner University Talent & Workforce Dvlpmnt	411,214	-	-	-	-
Schreiner University Athletic Facilities	1,088,786	-	-	-	-
Lennar Windridge Development*	2,000,000	-	-	-	-
Habitat for Humanity Mariposa Infrastructure	814,707	178,266	441,889	441,889	-
Total Projects	4,984,644	180,513	450,288	450,288	-
Total Expenditures	10,121,694	497,504	3,481,706	3,481,706	-

Change in Net Position

\$ (864,045) \$ 935,294 \$ (787,605)



Economic Improvement Corporation

Cash Flow Forecast

As of January 31, 2025

	FY2024 Actual	FY2025 Projections		
	Oct 2024 to Jan 25	Feb 2025 to Mar 2025	Apr 2025 to Jun 2025	Jul 2025 to Sep 2025
Beginning Cash Balance	\$ 4,120,698	\$ 5,194,818	\$ 4,032,662	\$ 4,951,452
Revenue				
Sales Tax	1,591,613	883,532	1,245,196	1,314,792
Interest Income	102,488	60,000	90,000	90,000
Investment Maturity	1,000,000	-	2,000,000	3,000,000
Total Revenue	2,694,101	943,532	3,335,196	4,404,792
Expenditures				
Administrative				
Supplies and Miscellaneous	-	163	163	163
Legal Services	-	2,500	2,500	2,500
Training	-	2,500	2,500	2,500
Professional Services	71,067	35,533	53,300	53,300
Kerr Economic Development Corp.	171,875	-	85,938	85,938
Total Administrative	242,942	40,696	144,400	144,400
Debt Service	853,150	639,863	639,863	639,863
Investment Purchase	-	-	1,000,000	1,000,000
Projects				
Downtown Utilities/Streetscape	-	-	-	-
Travis Street Pump Station Upgrades	8,399	-	295,801	295,801
Schreiner University Talent & Workforce Dvlpmnt	-	137,071	137,071	137,071
Schreiner University Athletic Facilities	-	1,088,786	-	-
Lennar Windridge Development	-	-	-	2,000,000
Habitat for Humanity Mariposa Infrastructure	441,889	124,273	124,273	124,273
Total Projects	450,288	1,350,130	557,145	2,557,145
Total Expenditures	1,546,379	2,030,688	2,341,407	4,341,407
Interest Receivable	73,601	75,000	75,000	75,000
Ending Cash Balance	\$ 5,194,818	\$ 4,032,662	\$ 4,951,452	\$ 4,939,836



Financial Analysis

Cash Analysis as of January 31, 2025					
Type	Purchase	Maturity	Yield	Placement	Amount
Pool			4.53%	EIC TexPool - Cash	\$ 5,194,818
Agency/Security	4/18/2024	10/15/2025	5.06%	US Treasury Note - 91282CFP1	\$ 999,902
Agency/Security	7/25/2024	7/25/2025	4.88%	FHLB Note - 3130B23U7	\$ 1,002,640
Commercial Paper	7/25/2024	4/11/2025	5.21%	BNP Paribas CP - 09659BRB8	\$ 1,983,159
				Operating Cash and Investments	\$ 9,180,519

Sales Tax Revenue Analysis - FY2025					
Month	Actual FY2024	Budget Estimate FY2025	Actual FY2025	FY2024 vs. FY2025	Budget vs. Actual
October	\$ 465,726	\$ 437,120	\$ 380,948	-18.20%	-12.85%
November	375,745	\$ 414,771	404,389	7.62%	-2.50%
December	389,096	\$ 377,338	405,904	4.32%	7.57%
January	398,538	\$ 431,653	400,372	0.46%	-7.25%
February	485,443	\$ 498,702	601,268	23.86%	20.57%

Project Analysis as of January 31, 2025			
Project Description	EIC Commitment	Disbursed Funding	Remaining Funding
Downtown Utilities/Streetscape	400,000	330,063	69,937
Travis Street Pump Station Upgrades	750,000	8,399	741,601
Schreiner University Talent & Workforce Dvlpmnt	822,430	-	822,430
Schreiner University Athletic Facilities	2,177,570	-	2,177,570
Habitat for Humanity Mariposa Infrastructure	2,260,000	727,182	1,532,818
Lennar Windridge Development	5,000,000	-	5,000,000
Operational Project Commitments:	\$ 11,410,000	\$ 1,065,643	\$ 10,344,357



Questions?



**ADMINISTRATIVE SERVICES CONTRACT
BETWEEN CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT
CORPORATION AND CITY OF KERRVILLE, TEXAS**

THIS CONTRACT is entered into as of the 12 day of SEPTEMBER 2023, by and between the City of Kerrville, Texas, ("City"), and the City of Kerrville, Texas Economic Improvement Corporation ("EIC") for and in consideration of the following promises and conditions:

**ARTICLE I
SERVICES PROVIDED BY CITY**

City shall provide the following services to EIC subject to the limitations and conditions set forth below:

- A. **Engineering and Project Management Services:** City agrees to provide project management services to include coordination and oversight of both internal and external engineering, design, bid process, and all construction phases for EIC-funded projects that involve improvements to City and/or public property. City may contract engineering, project management, or construction services that may be necessary and EIC agrees to pay for such services as part of a project, which will be specified within a project agreement, and which is authorized by the EIC to be funded in whole or in part by sales tax revenues generated pursuant to the authority of Chapters 501, 502, and 505 of the Texas Local Government Code.
- B. **Legal Services:** City agrees the City Attorney will be the legal advisor of, and attorney for, EIC, which representation will include the drafting and review of documents, contracts, and other instruments as to form and legality, the conduct of legal research, and, if requested, the issuance of legal opinions. In the provision of legal services by the City Attorney, the City Attorney shall provide such services only if the provision of legal services to EIC does not unreasonably impair his ability to provide legal services to the City. For example, in the event the City Attorney determines that a legal or ethical conflict exists between the City and the EIC, the EIC agrees that the City Attorney may continue to represent the City on such matter notwithstanding such conflict; provided, however, that the City Attorney has made full disclosure of the existence, nature, implications, possible adverse consequences, and advantages involved, if any, of common representation regarding the conflict to the president of the EIC. Further and where a conflict exists, EIC may hire counsel of its own choice at EIC expense, subject to its budget, to include any undesignated reserve cash balance but not to exceed an overall expense of \$50,000.00. The City Attorney may contract at times for specialized legal services with respect to a project approved by EIC and EIC shall pay for such services. The City Attorney shall notify the EIC as soon as possible as to his use of such services. Such notice may occur at the outset of

Contract No. 2023-109

a proposed project and before EIC's approval of the matter; or, later, when it becomes necessary in his opinion to secure such services.

- C. **Financial Services**: City agrees to provide accounting, banking, and investment services, including accounts receivable, accounts payable, disbursement of funds per agreements, investments, record keeping, financial reporting, budgeting, and an audit of all funds. The City will provide a report at each regular monthly meeting of the EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis.
- D. **Administrative Services**: City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. City staff will also respond to all open records requests in compliance with state law, on behalf of the EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.
- E. **Investment Officer**: The City Manager will designate City Finance Department personnel to serve as the EIC's investment officer in accordance with the City's *Investment Policy*, as may be amended.
- F. **Regulatory Financial Reporting**: The City's Finance Department shall prepare all financial reports required by state and federal regulatory agencies.
- G. **Annual Audit**: The City's Finance Department shall include the EIC's financial information as part of the City's annual audit, for consideration and approval by City Council.
- I. **Project Reports**: The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- J. **Staff Reports**: When applicable and requested by the EIC, the City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
 - 1. Complete Application
 - 2. Financial Impact Analysis
 - a. Total payroll
 - b. Payroll multiplier

- c. Sales and ad valorem tax generation
- 3. Return on Investment Analysis
 - a. Property tax – City, County, and KISD
 - b. Sales tax – City and County
 - c. Payroll multiplier
 - d. Timeline by which return is realized
- 4. Feasibility Analysis
 - a. Land – size, zoning, platting, building/fire codes
 - b. Building – size, suitability, condition
 - c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety
- K. **Prospect Support Services:** The City Manager or designee shall ensure that the following support services as provided by City staff are provided to the EIC in the review and processing of applications for EIC funds:
 - 1. receive applications;
 - 2. evaluate applications for completeness;
 - 3. determine eligibility;
 - 4. facilitate submission before the EIC;
 - 5. provide technical evaluation;
 - 6. provide recommendations;
 - 7. coordinate with other aligned agencies/entities; and
 - 8. identify appropriate incentives and programs.

ARTICLE II COMPENSATION

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City **\$205,000.00** for Fiscal Year 2024. This amount shall be automatically increased each year by 4% for the term of this agreement. It is agreed by the parties that this compensation, to include the automatic increases, is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

ARTICLE III TERM

The term of this Contract commences on October 1, 2023, and ends on September 30, 2028, a five-year term, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

ARTICLE IV TERMINATION

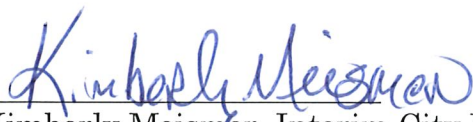
This Contract may be terminated by City or EIC for any reason, with or without cause, not earlier than ninety (90) days prior to delivery to the non-terminating party of a written notice of termination. EIC agrees to pay City the reasonable cost of services rendered by City up to the date of termination.

ARTICLE V GOVERNING LAW

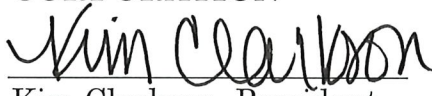
This Contract is subject to, governed by, and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Contract in the year and as of the date indicated.

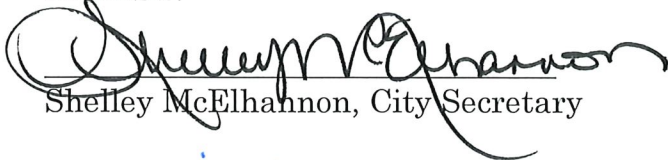
CITY OF KERRVILLE, TEXAS


Kimberly Meisner, Interim City Manager

**CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT
CORPORATION**


Kim Clarkson, President

ATTEST:


Shelley McElhannon, City Secretary

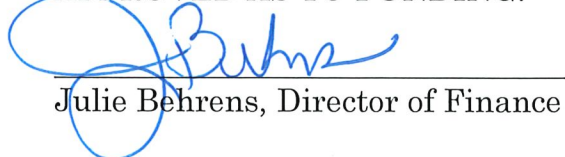
ATTEST:


Kesha Franchina, Secretary of EIC

APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

APPROVED AS TO FUNDING:


Julie Behrens, Director of Finance

JOB DESCRIPTION**City of Kerrville, Texas**

Effective Date: February 2025

Position Title:

HR Control #: XXX-XXX

Economic Development Manager

Division	City Manager's Office	Pay Grade	38
Department	Administration	FLSA Classification	Exempt
Supervisor	City Manager	Employment Status	Regular Full-Time

Job Summary:

Under general direction, is responsible for coordinating and planning economic development activities related to business retention and expansion as well as retail recruitment for the City of Kerrville. Assists with the city's downtown tax increment reinvestment zone #1 (TIRZ) and participates in the implementation of city's comprehensive plan. Serves as primary staff support for the City's Main Street program.

Disclaimer: The information provided in this description has been designed to indicate the general nature and level of work performed by incumbents within this job. It is not designed to be interpreted as a comprehensive inventory of all duties, responsibilities, qualifications and working conditions required of employees assigned to this job. Management has sole discretion to add or modify duties of the job and to designate other functions as essential at any time. This job description is not an employment agreement or contract.

Principal Duties and Responsibilities: This information is intended to be descriptive of the key responsibilities of the position. The following examples do not identify all duties performed by any single incumbent.

1. Analyzes complex data, policies, practices, systems, procedures, and develops written summaries on findings and recommendations.
2. Assists with the city's economic development programs, primarily business retention and expansion and retail recruitment. Develops funding sources and support.
3. Assists with the city's downtown tax increment reinvestment zone #1 (TIRZ) and Main Street programs and participates in the implementation of city's comprehensive plan.
4. Provides regulatory information to tenants and property owners within the TIRZ district with building improvement projects. Works with public sector and private sector organizations on public infrastructure improvements projects.
5. Collaborates with local business entities and other local, state, and federal organizations committed to enhancing economic development opportunities in the City of Kerrville.
6. Works with the Kerr EDC assisting with prospective new businesses from initial contact to providing assistance in securing necessary information, permits, contacts, etc.
7. Makes presentations to civic groups and advisory boards. Provides information on redevelopment, economic development issues, programs, services, and plans.
8. Responds to requests for information for economic development purposes. Prepares data sheets and other information. Responds to local citizens inquiring about local economic development activities and opportunities.
9. Assists City administration in public information and media outreach on economic development programs and activities.
10. Participates in preparing and monitoring annual budget.
11. Prepares grant applications for securing project funds from governmental agencies and financial institutions in coordination with the City Attorney, City departments, other governmental entities, private firms, and citizens.
12. Prepares detailed reports, presentations and presents projects to City Manager's Office and other departments and organizations.

13. Performs related duties and fulfills responsibilities as required by the City Manager and Assistant City Manager.
14. Performs other duties as may be assigned.

Required Knowledge, Skills and Abilities:

- Knowledge of organization strategic planning principles.
- Knowledge of management information systems.
- Knowledge of budget and accounting principles.
- Proven experience in economic development, business attraction, or a related field, preferably in a fast-growing municipality.
- Familiarity with sales tax revenue dynamics and their significance to city finances.
- Knowledge of economic development principles, incentive programs, and industry best practices.
- Strong analytical skills to interpret economic data and trends effectively.
- Excellent communication and interpersonal skills for building partnerships and presenting information to diverse audiences.
- Results-oriented mindset with the ability to drive projects from inception to completion.
- Understanding of local zoning regulations, land use planning, and regulatory processes.
- Ability to perform all the physical requirements of the position, with or without accommodations.
- Excellent office-related organizational skills.
- Skill in operating a computer and utilizing software, including Microsoft Word and Outlook, Excel, PowerPoint, Adobe Acrobat.
- Ability to handle difficult and stressful situations working with the public.
- Ability to establish and maintain effective working relationships with City staff and officials, other government officials, community groups, the general public, and media representatives.
- Ability to maintain regular and predictable attendance.

Machines, Tools, Equipment and Work Aids:

- General office equipment including but not limited to: computer, copier, and printers.

Education, Certification and Experience Required:

- Bachelor's degree in Economics, Business Administration, Urban Planning, Public Administration, or a related field. Master's degree is a plus.
- One (1) year of experience in a relevant field, with three (3) years of experience being preferred.
- Possession of, or the ability to obtain, Certified Economic Developer (CEcD) accreditation
- Possession of a valid Texas Class C driver's license.

Physical and Environmental Conditions:

Duties are generally performed in an office setting. Some light work requiring occasional lifting objects up to 20 pounds to move objects. Must be able to sit for long periods of time. Work may also require stooping, kneeling, crouching, bending, standing, walking, pushing, and pulling.

Special Requirements:

- Must maintain a professional appearance.
- Must work some evenings, weekends and/or holidays.

Signature/Approval:

I hereby acknowledge review and understanding of this job description and can perform the duties of this position:

☐ with a reasonable accommodation

Job Title: Economic Development Manager

☐ without a reasonable accommodation.

Printed Name of Employee		Signature of Employee		Date
City Manager				
Job Title of Department Director		Signature of Department Director		Date



**TO BE CONSIDERED BY THE ECONOMIC IMPROVEMENT
CORPORATION
CITY OF KERRVILLE, TEXAS**

CAPTION: Report from James Avery Craftsman as to its employment positions for 2024 pursuant to its Economic Grant Agreement with the Economic Improvement Corporation. (Eligible for Executive Session.) (M Hornes, Assistant City Manager)

AGENDA DATE: February 18, 2025

DATE SUBMITTED: 02/11/2025

SUBMITTED BY:

EXHIBITS:

1. 2025-01-30 Avery Final Letter to EIC signed
2. 2021-39 EIC James Avery Development Grant Agreement, original 2015-04
3. 2015-24 James Avery Economic Development Incentive Agreement 380 program

Expenditure:

Amount Budgeted:

Account Number:

Account Balance:

**Payment to/Vendor
name:**

Kerrville 2050 Item?

Yes

Key Priority Area:

E – Economic Development

SUMMARY:

The Kerrville Economic Improvement Corporation (EIC) entered into an agreement with James Avery Craftsman, Inc. in 2015, amended in 2021, requiring the company to create 359 new full-time jobs beyond their initial workforce of 388. While James Avery met its obligations in the early years of the agreement and came close to compliance in one of the amended years, the company has not met the required employment targets for the past two years.

As of the final reporting period in 2024, James Avery reports 212 new full-time employees, significantly below the required 359. This marks a sharp decline from the previous year, when the company reported 330 new employees. Due to this shortfall, James Avery has not submitted the required compliance affidavit.

In its final report to the EIC, James Avery acknowledged its non-compliance and attributed the shortfall to challenges in labor availability following the pandemic, despite growth in online sales benefiting local sales tax revenues. The company expressed appreciation for the EIC's support and indicated interest in future collaboration,

specifically mentioning a potential grant for a traffic signal project near the airport.

As the agreement reaches its conclusion, the EIC may wish to review the circumstances surrounding James Avery's employment levels and consider any potential factors that contributed to the shortfall. This could include discussions with the company regarding labor market conditions and other economic challenges, as well as evaluating any applicable provisions within the agreement.

The EIC remains committed to upholding accountability in all economic development agreements and ensuring that job creation commitments are met to support the economic growth of Kerrville.

RECOMMENDED ACTION:



January 30, 2025

Sent by email: kim.clarkson@kerrtitle.com

Ms. Kim Clarkson, President of EIC
City of Kerrville, Texas, Economic Improvement Corporation
701 Main Street
Kerrville, TX 78028

Re: Reporting under the Economic Development Grant Agreement, as amended on April 14, 2021
("Agreement")

Dear Ms. Clarkson,

This letter and enclosure are being filed with the City of Kerrville, Texas, Economic Improvement Corporation ("EIC") by James Avery Craftsman, Inc. ("James Avery"), as its final required Report, since our Agreement with the EIC expires on February 1, 2025.

As the EIC knows, James Avery met its contractual obligations during the initial years of the Agreement and the first and third years to which the Amendment applied. In the second year during the amended period, James Avery was a mere 1 employee short of the required number of new full-time employees. However, in these last two years James Avery has not been able to reach the contractual minimums for those years.

James Avery has included a spreadsheet showing the cumulative number of new full-time positions in weekly increments during 2024. Since James Avery's initial headcount at the beginning of the Agreement was 388, the number of new full-time positions by the end of 2024 is 212 (600-388).

James Avery has not included an affidavit since contractual compliance was not achieved by the end of 2024.

James Avery respectfully requests that the EIC take into consideration the impact of the pandemic and the resulting reduced access to adequate labor supply in the Kerr County area, even while growing its online sales generating sales tax collection increases that inure to the benefit of the greater Kerrville area. We specifically want to thank the EIC and its members for the grant provided and the opportunity to work with you throughout this grant period and we look forward to working with you in the future on a grant for our traffic light signal on Highway 27 near the airport that will benefit all our citizens by providing a safer intersection for those exiting our manufacturing facility and for those travelling on Hwy 27.

We are available to discuss at your convenience, if desired.

RESPECTFULLY SUBMITTED,

James Avery Craftsman, Inc.

Ty Richardson
Chief HR Officer

A handwritten signature in black ink, appearing to read 'Ty Richardson', written over a horizontal line.

Enclosure: 2024 Weekly Kerr County Employment Headcount

cc: Sent by email:

Mr. Dalton Rice, City Manager
City of Kerrville, Texas
701 Main Street
Kerrville, TX 78028
Dalton.rice@kerrvilletx.gov

Mr. Mike Hayes, City Attorney
City of Kerrville, Texas
701 Main Street
Kerrville, TX 78028
Mike.hayes@kerrvilletx.gov

James Avery Craftsman, Inc. Weekly Kerr County Employment Headcount 2024

Work Week Beginning	1/6/2024	1/13/2024	1/20/2024	1/27/2024	2/3/2024	2/10/2024	2/17/2024	2/24/2024	3/2/2024	3/9/2024	3/16/2024	3/23/2024	3/30/2024
Corporate	215	219	218	218	218	217	217	217	218	219	219	218	220
Manufacturing	497	494	490	484	478	476	470	467	461	457	456	450	447
Retail	3	3	3	3	3	3	3	3	3	3	3	3	3
Grand Total	715	716	711	705	699	696	690	687	682	679	678	671	670
Work Week Beginning	4/6/2024	4/13/2024	4/20/2024	4/27/2024	5/4/2024	5/11/2024	5/18/2024	5/25/2024	6/1/2024	6/8/2024	6/15/2024	6/22/2024	6/29/2024
Corporate	219	219	219	218	218	217	215	215	215	214	216	217	217
Manufacturing	445	440	436	431	429	428	426	426	423	422	416	414	411
Retail	3	3	3	3	3	3	3	3	3	3	3	3	3
Grand Total	667	662	658	652	650	648	644	644	641	639	635	634	631
Work Week Beginning	7/6/2024	7/13/2024	7/20/2024	7/27/2024	8/3/2024	8/10/2024	8/17/2024	8/24/2024	8/31/2024	9/7/2024	9/14/2024	9/21/2024	9/28/2024
Corporate	218	218	219	219	218	218	218	219	219	219	218	217	217
Manufacturing	407	405	405	406	404	398	399	398	396	394	390	389	388
Retail	3	3	3	3	3	3	3	3	3	3	3	3	3
Grand Total	628	626	627	628	625	619	621	620	618	616	611	609	608
Work Week Beginning	10/5/2024	10/12/2024	10/19/2024	10/26/2024	11/2/2024	11/9/2024	11/16/2024	11/23/2024	11/30/2024	12/7/2024	12/14/2024	12/21/2024	12/28/2024
Corporate	216	217	217	217	217	217	218	218	218	218	218	218	218
Manufacturing	387	385	385	385	385	385	384	384	384	382	381	380	379
Retail	3	3	3	3	3	3	3	3	3	3	3	3	3
Grand Total	606	605	605	605	605	605	605	605	605	603	602	601	600

FIRST AMENDMENT TO ECONOMIC DEVELOPMENT GRANT
AGREEMENT BETWEEN JAMES AVERY CRAFTSMAN, INC.
AND THE CITY OF KERRVILLE, TEXAS, ECONOMIC
IMPROVEMENT CORPORATION

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT
GRANT AGREEMENT is entered into this 14th day of April,
2021, by and between JAMES AVERY CRAFTSMAN, INC.
("Company"), and the CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION ("Corporation")

WITNESSETH:

WHEREAS, on March 19, 2015, Company and Corporation entered into that
certain agreement titled *Economic Grant Agreement between James Avery
Craftsman, Inc. and the City of Kerrville, Texas, Economic Improvement
Corporation* (the "Grant Agreement") in which Corporation agreed to provide
Company grant funding from Corporation's sales tax revenues for costs relating to
the design and construction of a new manufacturing facility (the "Project"); and

WHEREAS, based upon the ongoing economic conditions that continue to
impact the entire country, the Corporation and Company have agreed to amend the
Grant Agreement as specified below; and

WHEREAS, Corporation finds that it is in the public interest to amend the
Grant Agreement as provided herein;

NOW THEREFORE, for and in consideration of the recitals set forth above
and the promises made herein, Company and Corporation agree as follows:

1. Section 2.1 of the Grant Agreement is amended with deletions indicated by
~~strikeout~~ text and additions indicated by underlined text as follows:

"2.1. Effective Date and Termination. Subject to approval by City's City
Council and, if applicable, compliance with Section 505.160 of the Act, the term of
this Agreement (the "Term") commences on January 14, 2015 (the "Effective Date"),
and terminates on the earlier of:

(a) ~~January 13, 2022~~ February 1, 2025;

(b) when terminated by mutual agreement of the Parties;

(c) if Commencement of Construction does not occur by the date set forth in
Section 4.4 and, EIC elects to terminate this Agreement by providing notice to
Company before Commencement of Construction actually occurs;

CONTRACT: 2021-39

ORIGINAL CONTRACT: 2015-04

(d) if Completion of Construction does not occur by the date set forth in Section 4.4 and, EIC elects to terminate this Agreement by providing notice to Company before Completion of Construction actually occurs;

(e) when terminated pursuant to Articles VIII or IX; or

(f) at Company's sole and absolute discretion, upon Company's return of the Grant, or the portion of the Grant it has received, to EIC."

2. Section 4.6(a) of the Grant Agreement is amended with deletions indicated by ~~strikeout~~ text and additions indicated by underlined text as follows:

"4.6 New Full-Time Positions.

(a) ...

End of Calendar Year (12/31)	Minimum No. Total New Full-Time Positions by End of Subject Calendar Year	Minimum No. Newly Added Full-Time Positions for The Subject Calendar Year
2017	134	62
2018	191	57
2019	252	61
2020	306 <u>246</u> *	54 <u>0</u>
2021	359 <u>286</u>	53 <u>40</u>
<u>2022</u>	<u>286</u>	<u>0</u>
<u>2023</u>	<u>359</u>	<u>73</u>
<u>2024</u>	<u>359</u>	<u>0</u>

For periodic reporting purposes, the Company shall report, on a ~~quarterly~~ annual basis, the cumulative number of New Full-Time Positions in weekly increments. For purposes of this calculation, a person employed in a New Full-Time Position who is not working within the City because the person is on any type of excused paid leave (e.g., vacation, sick leave, paid family leave, etc.), or is on an unpaid leave pursuant to the Family Medical Leave Act or other federal or state law which requires Company to retain the person as an employee while absent from work, will be included in the weekly count of Full-Time Position."

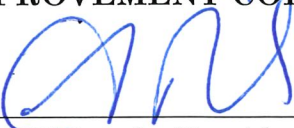
(NOTE: number at "*" above reflects employment numbers adjusted for COVID-19 pandemic and resulting declared emergencies.)

3. Except as amended herein, the provisions of the Grant Agreement remain in

full force and effect. Should a conflict exist between the terms amended herein and the Grant Agreement, the terms provided herein shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment in the year and as of the date indicated.

**CITY OF KERRVILLE, TEXAS
IMPROVEMENT CORPORATION**

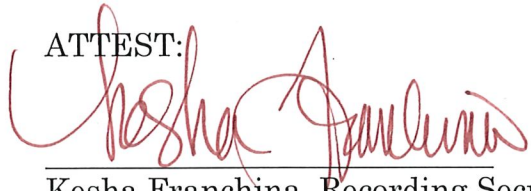


Greg Richards, President

JAMES AVERY CRAFTSMAN, INC.

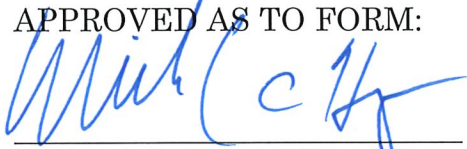
By: 
Printed Name: David R. Zipp
Its: CFO

ATTEST:



Kesha Franchina, Recording Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

STATE OF TEXAS §
 § ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT
COUNTY OF KERR §

This Economic Development Incentive Agreement ("Agreement") is made by and between the City of Kerrville ("City"), a Texas home rule municipality, and James Avery Craftsman, Inc., ("Company"), a Texas corporation, acting by and through their respective authorized officers and representatives. City and Company are hereafter collectively referred to herein as "Parties" and individually as "Party."

WITNESSETH:

WHEREAS, Company, whose headquarters is in Kerrville, Texas, designs, manufactures, and sells through its on-line, catalogue, call-center, and retail outlets throughout the country, a line of fine jewelry; and

WHEREAS, Company owns Land (as defined below) which is located in Kerr County, Texas, adjacent to City's incorporated limits and within City's extra-territorial jurisdiction, and for which Company has petitioned City for annexation into City's incorporated limits; and

WHEREAS, Company desires to construct the Improvements (as defined below) on the Land in order to both consolidate and expand Company's manufacturing operations; and

WHEREAS, Company has advised City that a contributing factor that would induce Company to develop the Land and construct the Improvements would be an agreement with City to provide economic development grants to Company to defray a portion of the costs of the construction of the Improvements; and

WHEREAS, Company is expected to initially invest over Fourteen Million Dollars (\$14,000,000.00) in the Property; and

WHEREAS, Company intends to initially relocate or create, fill and maintain, on an annual basis, at least one hundred thirty-four (134) full time employment positions with the objective of later increasing the number of full time employment positions to more than three hundred fifty (350) employees, all to be located within the City; and

WHEREAS, City has adopted programs for promoting economic development, including a Chapter 380 Economic Development Program; and

WHEREAS, City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380, to provide economic development grants to promote local economic development and to stimulate business and commercial activity in City; and

WHEREAS, City has determined that making economic development grants to Company in accordance with this Agreement will further the objectives of City, will benefit City

and City inhabitants and will promote local economic development and stimulate business and commercial activity in City;

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Article I Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Affiliate” means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person.

“Annual Grant” means, collectively, an Annual Real Property Grant and Annual TPP Grant paid in relation to a Grant Year.

“Annual Real Property Grant” means an annual economic development grant to be provided by City to Company in an amount equal to the ad valorem taxes assessed by the City against the Property for the relevant Grant Year, and collected by City for said Grant Year to be paid as set forth herein.

“Annual TPP Grant” means an economic development grant to be provided by City in an amount equal to the ad valorem taxes assessed by City against the Tangible Personal Property for the relevant Grant Year and collected by the City for the same Grant Year to be paid as set forth herein.

“Appraisal District” means the Kerr Central Appraisal District, or its successor entity.

“Bankruptcy or Insolvency” means the dissolution or termination of a Party’s existence as a going business, insolvency, appointment of receiver for any part of such Party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Commencement Date” means the later of: (i) January 1 of the calendar year immediately following the date the certificate of occupancy is issued by City for Company’s occupancy of the Improvements; and (ii) January 1, 2017.

“Commencement of Construction” means that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been

obtained for construction of the Improvements on the Land; (ii) all necessary permits for the construction of the Improvement on the Land pursuant to the plans have been issued by all applicable governmental authorities; and (iii) grading of the Land for the construction of the Improvements has commenced.

"Completion of Construction" means the date (i) the Improvements have been substantially completed and (ii) a certificate of occupancy has been issued by City for Company's occupancy of the Improvements.

"Control," or any derivation thereof, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, by contract or otherwise.

"Effective Date" means January 14, 2015 (so as to coincide with the Related Agreement).

"Expiration Date" means the eighth (8th) anniversary of the Commencement Date.

"Force Majeure" means any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or inaction (unless caused by the intentionally wrongful acts or omissions of the Party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns or work stoppages.

"Freeport Goods" has the same meaning as assigned by Texas Tax Code, Section 11.251 and Article VIII, Section 1-j of the Texas Constitution, and are located on the Property. Freeport Goods does not include "Goods in Transit" as defined by Texas Tax Code, Section 11.253.

"Full-Time Position(s)" means a position eligible for employee benefits at which an individual is scheduled to work at least: (i) 2080 hours for a day shift; and (ii) 1,872 hours for a second shift, both of which occur within a twelve month period during the Grant Period for the Company either as an employee or under contract and who, before deducting employee contributions to employee benefits, FICA, Federal payroll tax withholding, retirement plans, and other voluntary and involuntary deductions commonly deducted from employee wages prior to payment of the wages to the person, is paid an average hourly wage of \$11.20 per hour. The average calculation aggregates New Full-Time Positions (as defined below) as follows: i) hourly positions at their hourly rate and ii) convert salaried positions to their hourly equivalent by dividing by 2080. The sum of the hourly rates and hourly equivalents will be divided by the cumulative number of New Full-Time Positions for the applicable year as included in Section 4.7(a) for purposes of arriving at the average hourly rate required. The \$11.20 rate per hour does not include the value of employee benefits as paid for by the Company. For purposes of the definition of "Full-Time Position," employer contributions to FICA, retirement plans, group health, dental, or life insurance premiums, or other employer funded benefits shall

not be included in determining a workers hourly wage or salary. A Full-Time Position does not include part-time or seasonal positions.

“Goods-in-Transit” has the same meaning assigned by Texas Tax Code, Section 11.253.

“Grant Year” means a given tax year except that the first Grant Year shall mean January 1 of the calendar year including and immediately following the Commencement Date.

“Grants” means, collectively, all Annual Real Property Grants and Annual TPP Grants.

“Impositions” means all ad valorem and property taxes, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Company or an Affiliate or any property or any business owned by Company or an Affiliate within City, and any Texas state or local sales and use taxes.

“Improvements” means a building, or buildings, to be constructed on the Land containing approximately 53,000 square feet of space for manufacturing, engraving, product care, and employee work and office space, together with other ancillary facilities, parking, and landscaping, as more fully described in the submittals filed with City, from time to time, in order to obtain one or more building permits.

“KEIC” means the Kerrville Economic Improvement Corporation.

“Land” means the real property described in **Exhibit A**.

“Maximum Annual Grant” means the lesser of (i) the Annual Real Property Grant plus the Annual TPP Grant for the same Grant Year; and (ii) \$75,860.00; but subject to reduction in accordance with Section 4.7(c).

“Maximum Total Grant” means \$379,302.00.

“New Full-Time Positions” means Full-Time Positions created and filled by Company employees working at one of Company’s business locations within the City after the Effective Date as opposed to existing Full-Time Positions filled by Company employees working at one of Company’s business locations within the City as of the Effective Date, which is agreed to be 385.

“Payment Request” means a written request from Company to City for payment of an Annual Real Property Grant and/or Annual TPP Grant accompanied by (i) a copy of tax receipt indicating that Company has paid the ad valorem taxes assessed against the Property and Tangible Personal Property for the Tax Year to which the Payment Request applies and (ii) the Employment Verification Information for the Tax Year to which the Payment Request applies.

“Person” means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other entity.

“Property” means, collectively, the Improvements and the Land.

“Related Agreement” means that certain Economic Development Grant Agreement between KEIC and Company, dated as of approximate date herewith.

“Required Use” means Company’s continuous operation of the Improvements as a distribution or manufacturing facility on the Property.

“Tangible Personal Property” has the same meaning assigned by Tax Code, Section 1.04 and means all tangible personal property (including inventory and supplies), equipment, fixtures, and machinery, but excluding Freeport Goods and Goods-in-Transit owned by Company, and located on the Property on January 1 of a given tax year (irrespective of when such Tangible Personal Property was first located on the Improvements).

“Taxable Value” means the appraised value as certified by the Appraisal District for a given year.

Article II

Term

The term of this Agreement shall begin on the Effective Date and continue until the Expiration Date, unless sooner terminated as provided herein.

Article III

Economic Development Grants

3.1 Annual TPP Grants. Subject to the obligation of Company to repay the Grants pursuant to Section 5.2, hereof, and the continued satisfaction of all the terms and conditions of this Agreement by Company, City agrees to provide Company with five (5) Annual TPP Grants, each to be paid not later than thirty (30) days after receipt of a Payment Request for the prior Grant Year, but in no case earlier than April 1 of each calendar year (or the immediately following business day if April 1 is not a business day) beginning with the first full calendar year following the Commencement Date, provided Company has timely paid City the ad valorem taxes assessed against the Tangible Personal Property in full for the respective Grant Year (*i.e.*, the tax year immediately preceding the year in which an Annual TPP Grant is to be paid). For illustration purposes, assume that the first Grant Year is 2016, and that City ad valorem taxes assessed (and collected) against the Tangible Personal Property for tax year 2016 is \$35,000.00, then the amount of the first Annual TPP Grant of \$35,000.00 would be paid not later than the later of (i) thirty (30) days after receipt of the Payment Request for Grant Year 2016 and (ii) April 1, 2017.

3.2 Annual Real Property Grants. Subject to the obligation of Company to repay the Grants pursuant to Section 5.2 hereof, and the continued satisfaction of all the terms and conditions of this Agreement by Company, City agrees to provide Company with five (5) Annual Real Property Grants to be paid not later than thirty (30) days after receipt of a Payment Request applicable to the prior Grant Year, but in no case earlier than April 1 of each calendar year (or the immediately following business day if April 1 is not a business day) beginning with the first full calendar year following the Commencement Date, provided Company has timely paid City ad valorem taxes assessed against the Property in full for the respective Grant Year (*i.e.*, the tax year immediately preceding the year in which an Annual Real Property Grant is to be paid). For illustration purposes, assume that the first Grant Year is 2016, and that City ad valorem taxes assessed (and collected) against the Property for tax year 2016 is \$50,000.00, then the amount of the first Annual Real Property Grant of \$50,000.00 would be paid not later than thirty (30) days later than the later of (i) thirty (30) days after receipt of the Payment Request for Grant Year 2016 and (ii) April 1, 2017. Notwithstanding the foregoing, in the event that the ad valorem taxes assessed against the Property are not paid to City by April 1 of the calendar year, City agrees that it will pay Company any Annual Real Property Grant owed to Company not later than ten (10) days after receipt of the applicable ad valorem taxes.

3.3 Grant Limitations. Under no circumstances shall City obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, City shall not be obligated to pay any commercial bank, lender or similar institution for any loan or credit agreement made by Company. None of City's obligations under this Agreement shall be pledged or otherwise encumbered by Company in favor of any commercial lender and/or similar financial institution.

3.4 Current Revenue. The Grants made hereunder shall be paid solely from lawfully available funds that have been appropriated by City; provided, however, City agrees during the term of this Agreement to make a good faith effort to appropriate funds each year to pay the Grants for the then ensuing fiscal year. Further, City shall have no obligation or liability to pay any Grants except as allowed by law. City shall not be required to pay any Grants if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

3.5 Tax Protest. In the event Company timely and properly protests or contests (including any motion to correct the appraisal roll) the Taxable Value and/or the taxation of the Tangible Personal Property or the Property (or any portion thereof), with the Appraisal District (or its successor), the obligation of City to provide the Grants with respect to the Tangible Personal Property or the Property (or portion thereof), as the case may be, for such Tax Year shall be abated until a final determination has been made of such protest or contest. In the event Company protests and/or contests results in a final determination that changes the appraised value and/or the Taxable Value of the Tangible Personal Property or the Property or the amount of ad valorem taxes assessed and due for the Tangible Personal Property or the Property (or portion thereof), as the case may be, after a Grant has been paid for such property for such Grant Year, the Grant for such Grant Year for such property shall be adjusted (increased or decreased as the case may be) accordingly on the date of payment of the next Grant payment date for such property, or within thirty (30) days after such determination in the event no further Annual Grant payments are due with respect to such property under the Agreement.

3.6 Refunds and Underpayments of Grants. In the event City reasonably determines that the amount of one or more of the Grants paid by City to Company is incorrect, Company shall, not later than sixty (60) days after receipt of written notification thereof from City specifying the amount by which such Grant exceeded the correct amount to which Company was entitled (together with such records, reports and other information necessary to support such determination), pay such amount to City. If City reasonably determines that the amount by which such Grant was less than the correct amount to which Company was entitled (together with such records, reports and other information necessary to support such determination), City shall, within sixty (60) days, pay the adjustment to Company. If Company disputes City's determination, the Parties shall seek to amicably resolve the matter, subject to either Party's right to pursue any available rights or remedies in connection therewith.

3.7 Limits on Annual Grant Payments. Notwithstanding the amount of ad valorem assessed against Property and the Tangible Personal Property and collected by City during any Grant Year, the total amount of the Annual Real Property Grant plus the Annual TPP Grant for said Grant Year shall not exceed the Maximum Annual Grant. Furthermore, in no case shall the total amount of all Grants paid pursuant to this Agreement exceed the Maximum Total Grant.

Article IV **Conditions to the Economic Development Grant**

The obligation of City to provide the Grants shall be conditioned upon the continued compliance with, and satisfaction of each of the terms and conditions of this Agreement by Company, and each of the conditions set forth in this Article IV below:

4.1 Good Standing. Company shall not have an uncured breach or default of this Agreement or any Related Agreement beyond any applicable notice and cure period.

4.2 Development Regulations. Prior to and following annexation of the Land, Company shall comply with all applicable development regulations of the City, to include building codes, subdivision regulations, and zoning, in its development and construction of the Improvements. Company's failure to comply with this provision constitutes a breach of this Agreement.

4.3 Required Use. Commencing on the Commencement Date and continuing thereafter until the Expiration Date, the Improvements shall not be used for any purpose other than the Required Use, and the operation and occupancy of the Improvements in conformance with the Required Use shall not cease for more than six (6) months, except in connection with and to the extent of an event of Force Majeure.

4.4 Commencement and Completion of Construction. Subject to events of Force Majeure, Commencement of Construction of the Improvements shall commence not later than June 1, 2015. Subject to events of Force Majeure, Completion of Construction of the Improvements shall occur not later than December 31, 2016.

4.5 Minimum Taxable Value.

(a) The minimum Taxable Value for the Property as determined by the Appraisal District shall be not less than \$7,800,000.00 as of January 1 of the calendar year immediately following the date of Completion of Construction of the Improvements; and

(b) The Taxable Value for the Tangible Personal Property as determined by the Appraisal District shall be not less than \$4,000,000.00 as of January 1 of the calendar year immediately following the date of Completion of Construction of the Improvements.

(c) Notwithstanding any provision in this Agreement to the contrary, the failure of the Property and/or the Tangible Personal Property to be determined by the Appraisal District to have a Taxable Value for any given year as required by paragraphs (a) and (b) of this Section 4.5 shall not be considered an event of default subject to termination and repayment pursuant to Article V hereof; provided, however, such failure shall result in Company forever forfeiting the right to receive the Annual Real Property Grant (with respect to failure to satisfy paragraph (a)) and/or the Annual TPP Grant (with respect to failure to satisfy paragraph (b)) for such Grant Year.

4.6 Tax Payments. Company timely pays to City, through City's designated tax collector, the ad valorem taxes assessed by City against the Property and the Tangible Personal Property in full prior to the delinquency date (each a "Tax Payment")(subject to the notice and cure provision in Section 5.1(c) below). The failure of Company to timely pay a Tax Payment shall be considered an event of default subject to termination and repayment pursuant to Article V hereof (subject to the notice and cure provision in Section 5.1(c) below).

4.7 Employment Positions.

(a) After the Effective Date, but in no case later than the one hundred and twentieth (120th) day after Completion of Construction, Company shall create and fill no fewer than seventy-two (72) New Full-Time Positions within the City. Commencing with calendar year 2017 and each calendar year thereafter through the end of the Term, the total number of New Full-Time Positions created and filled by Company at any of Company's business locations within the City since the Effective Date during the specified calendar year and as quantified on December 31 of each year, shall be as follows:

End of Calendar Year (12/31)	Minimum No. Total New Full-Time Positions by End of Subject Calendar Year	Minimum No. Newly Added Full-Time Positions for The Subject Calendar Year
2017	134	62
2018	191	57
2019	252	61
2020	306	54
2021	359	53

For periodic reporting purposes, the Company shall report, on a quarterly basis, the cumulative number of New Full-Time Positions in weekly increments. For purposes of this calculation, a person employed in a New Full-Time Position who is not working within the City because the person is on any type of excused paid leave (e.g., vacation, sick leave, paid family leave, etc.), or is on an unpaid leave pursuant to the Family Medical Leave Act or other federal or state law which requires Company to retain the person as an employee while absent from work, will be included in the weekly count of Full-Time Position.

(b) Each Payment Request shall be accompanied by copies of employment records, Texas Workforce Commission reports, or other documentation as is reasonably required by City to demonstrate Company's compliance with the required number of Full-Time Positions required by Section 4.7(a) along with a sworn statement from an authorized officer of Company, confirming Company's compliance with Section 4.7(a). Notwithstanding Sections 3.1 and 3.2, above, City shall not be required to pay the Annual TPP Grant or the Annual Real Property Grant for a particular Grant Year earlier than thirty (30) days after City receives the documentation required by this Section 4.7(b) for the particular Grant Year.

(c) Notwithstanding any provision in this Agreement to the contrary, the failure of Company to satisfy the condition set forth in Section 4.7(a), or any element thereof, for any Grant Year shall not be considered a breach or an event of default subject to termination and repayment pursuant to Article V hereof; provided, however, such failure shall result in the reduction of the Maximum Annual Grant for the Grant Year for which the failure occurred by an amount equal to (i) \$1,056.55 times (ii) a number equal to the minimum number of Full-Time Positions required by Section 4.7(a) less the actual number of Full-Time Positions working at any of Company's business locations within the City at the end of the Grant Year.

4.8 Annexation. To the extent not requested prior to the Effective Date, Company acknowledges and agrees that on the Effective Date this Agreement shall also constitute a request to annex the Land into City's incorporated limits pursuant to applicable provisions of State law and City's home rule charter.

4.9 Point of Sale. During the term of this Agreement, Company shall conduct its business in such a manner that all telephone, mail order, and on-line/internet sales of Taxable Items that are distributed to the purchasers from a location within the City Limits to Texas purchasers with Texas addresses shall be assessed with Local Sales and Use Tax, regardless of the location where the order is received. Additionally, for clarification, Texas taxes, including Local Sales and Use Tax, will not be collected on taxable items where pursuant to applicable law, regulations, rules, and tax bulletins, such Local Sales and Use Tax does not apply. Notwithstanding the foregoing, Company shall not be in breach of this Agreement if City disannexes property from City's incorporated boundaries at which sales of Taxable Items were Consummated resulting in the discontinuation of the collection of Local Sales and Use Tax on such sales.

Article V Termination

5.1 Basis for termination. This Agreement terminates upon the occurrence of any one or more of the following events:

- (a) Upon written agreement of the Parties;
- (b) Upon the Expiration Date with no further action by the Parties;
- (c) Except as provided in paragraph (d), below, if a Party defaults or breaches any of the terms or conditions of this Agreement or a Related Agreement and such default or breach is not cured within thirty (30) days after delivery of written notice thereof by the other Party (or if such default or breach is not reasonably curable within such 30-day period, is cured within ninety (90) days after such default or breach provided that the defaulting Party is diligently pursuing a cure of such default or breach);
- (d) If City provides a written notice of termination to Company upon Company's failure to cause Commencement of Construction or Completion of Construction to occur within the time provided in Section 4.4, above;
- (e) If any Impositions owed by Company to City or the State of Texas are delinquent and such delinquency has not been cured within thirty (30) days after delivery by City to Company of written notice demanding payment of the delinquency; provided, however, Company retains the right to timely and properly protest and contest any such taxes or Impositions and the time for curing such delinquency shall be extending to the tenth (10th) day following the final, non-appealable ruling on such protest or contest;
- (f) If Company suffers an event of Bankruptcy or Insolvency and fails to reaffirm this Agreement in accordance with applicable bankruptcy laws and continue to perform Company's obligations as set forth this Agreement, City may terminate this Agreement subject to applicable bankruptcy laws; or
- (g) If any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable; provided, however, if any final, non-appealable decision by a court of competent jurisdiction declares this Agreement invalid, illegal or unenforceable then City shall use its best efforts in working with Company to restructure this Agreement (or City's obligations described herein) to be enforceable.

5.2 Repayment. In the event the Agreement is terminated by City pursuant to Section 5.1(c) or (d), Company shall immediately refund to the City an amount equal to all Annual Grants paid by the City to the Company prior to the date of termination, plus interest at the rate of interest periodically announced by the *Wall Street Journal* as the prime or base commercial lending rate, or if the *Wall Street Journal* shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank,

Contract
2015-24

N.A. (or by any other New York money center bank selected by City) as its prime or base commercial lending rate, from the date on which each respective Annual Grant is paid by the City until each such Annual Grant is refunded by the Company. The repayment obligation of Company set forth in this section 5.2 hereof shall survive termination.

5.3 Offsets. City may at its option, offset any amounts due and payable under this Agreement against any debt (including taxes) lawfully due to City from Company, regardless of whether the amount due arises pursuant to the terms of this Agreement, a Related Agreement or otherwise, and regardless of whether or not the debt due City has been reduced to judgment by a court.

Article VI Miscellaneous

6.1 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the Parties hereto.

6.2 Limitation on Liability. It is understood and agreed between the Parties that Company and City, in satisfying the conditions of this Agreement, have acted independently, and City assumes no responsibilities or liabilities to third parties in connection with these actions. Company agrees to indemnify and hold harmless City from all such claims, suits, and causes of actions, liabilities and expenses, including reasonable attorney's fees, of any nature whatsoever by a third party arising out of Company's performance of the conditions under this Agreement.

6.3 No Joint Venture. It is acknowledged and agreed by the Parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the Parties.

6.4 Authorization. Each Party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.5 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below (or such other address as such Party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for City, to:

Attn: City Manager
City of Kerrville, Texas
701 Main Street
Kerrville, Texas 78028

With a copy to:

Attn: City Attorney
City of Kerrville, Texas
701 Main Street
Kerrville, Texas 78028

If intended for Company:

Chris Avery, President/CEO
James Avery Craftsman, Inc.
P.O. Box 291367
Kerrville, Texas 78029-1367

6.6 Entire Agreement. This Agreement is the entire Agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the Parties that in any manner relates to the subject matter of this Agreement, except the Related Agreement and as provided in any Exhibits attached hereto.

6.7 Governing Law. The Agreement shall be governed by the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction; and venue for any action concerning this Agreement shall be in the State District Court of Kerr County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

6.8 Amendment. This Agreement may only be amended by the mutual written agreement of the Parties.

6.9 Legal Construction. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the Parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.10 Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

6.11 Successors and Assigns. Except as provided in this Section 6.11, this Agreement may not be assigned by Company without the prior written consent of City, which consent shall not be unreasonably denied, delayed, or withheld. This Agreement may be assigned by Company to any Affiliate of Company, provided Company shall have provided City with thirty (30) days prior written notice thereof, and such assignee assumes in writing the obligations and liabilities of Company in a form reasonably approved by City.

6.12 Recitals. The recitals to this Agreement are incorporated herein.

6.13 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.14 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

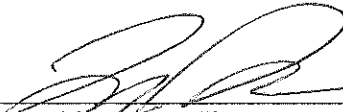
6.15 Conditions Precedent. This Agreement is subject to and conditioned on City having issued a certificate of occupancy for Company's occupancy of the Improvements on or before December 31, 2016.

6.16 Employment of Undocumented Workers. During the term of this Agreement, Company agrees not to knowingly employ any undocumented workers, and if convicted of a violation under 8 U.S.C. Section 1324a (f), Company shall repay the Grants herein and any other funds received by Company from City as of the date of such violation within 120 days after the date Company is notified by City of such violation, plus interest at the rate of 6% compounded annually from the date of violation until paid. Company is not liable for a violation of this Section by a subsidiary, Affiliate, or franchisees of Company or by a person with whom Company contracts, or any other Person other than Company.

(Signature Page to Follow)

SIGNED AND AGREED on this 12th day of May, 2015
("Effective Date").

CITY OF KERRVILLE, TEXAS

By: 
Todd Parton, City Manager

Attest:

By: 
Brenda Craig, City Secretary

Approved as to Form:

By: 
Michael C. Hayes, City Attorney

SIGNED AND AGREED on this 18 day of May, 2015.

JAMES AVERY CRAFTSMAN, INC.

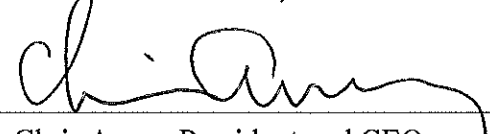
By: 
Chris Avery, President and CEO

EXHIBIT A

LEGAL DESCRIPTION OF LAND

FIELD NOTES DESCRIPTION FOR 23.38 ACRES OF LAND OUT OF
THE AP 29, LLC LAND ALONG STATE HIGHWAY NO. 27 IN KERR
COUNTY, TEXAS

Being all of a certain tract or parcel of land containing 23.38 acres, more or less, out of F. Rodriguez Survey No. 72, Abstract No. 280 in Kerr County, Texas; part of a certain 29.15 acre tract conveyed from Amegy Bank National Association to AP 29, LLC by a Special Warranty Deed executed the 29th day of March, 2013 and recorded in File No. 13-02298 of the Official Public Records of Kerr County, Texas; and being more particularly described by metes and bounds as follows:

BEGINNING at an unmarked point in a fence, the northwest line of said 29.15 acre tract for the north corner of the herein described tract; which point bears: 349.42 ft. S27°31'37"W from ½" iron stake found for the north corner of 29.15 acre tract; and approximately, 5285 ft. North and 1536 ft. West from the southeast corner of said Survey No. 72:

THENCE, upon, over and across said 29.15 acre tract S52°11'40"E, 982.25 ft. to an unmarked point in its east line for the east corner of the herein described tract;

THENCE, with the east line of said 29.15 acre tract: 74.50 ft. along the arc of a 23°45' curve to the right subtended by a 17°41'47" central angle and 241.21 ft. radius (long chord: S10°57'51"W, 74.21 ft.) to a ½" iron stake found at its end; S19°48'48"W, 295.07 ft. to a fence angle post; S20°19'58"W, 15.74 ft. to a fence angle post; S52°47'18"W, 795.55 ft. to a fence angle post; and S55°38'25"W, 209.17 ft. to a ½" iron stake found on the east bank of the Guadalupe River for the south corner of the herein described tract and 29.15 acre tract;

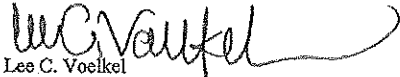
THENCE, along the east bank of the said Guadalupe River with the southwest line of the said 29.15 acre tract: N17°53'04"W, 86.02 ft. to an unmarked point; N17°20'46"W, 438.90 ft. to a ½" iron stake found at the base of a 34" diameter Cypress tree; N09°14'47"W, 204.76 ft. to a found ½" iron stake; and N08°58'14"W, 164.18 ft. to a ½" iron stake found for the west corner of the herein described tract and 29.15 acre tract;

THENCE, with the northwest line of said 29.15 tract N27°31'37"E., 790.95 ft. to the PLACE OF BEGINNING.

I hereby certify that this field notes description and accompanying plat are accurate representations of the property shown and described hereon as determined by a survey made on the ground under my direction and supervision, except no survey was made to reestablish Patent Survey lines or corners; and that all property corners are as shown.

(Bearing basis = True north based on GPS observations)

Dated this 3rd day of November, 2014


Lee C. Voelkel
Registered Professional Land Surveyor No. 3909
County Surveyor for Kerr County, Texas

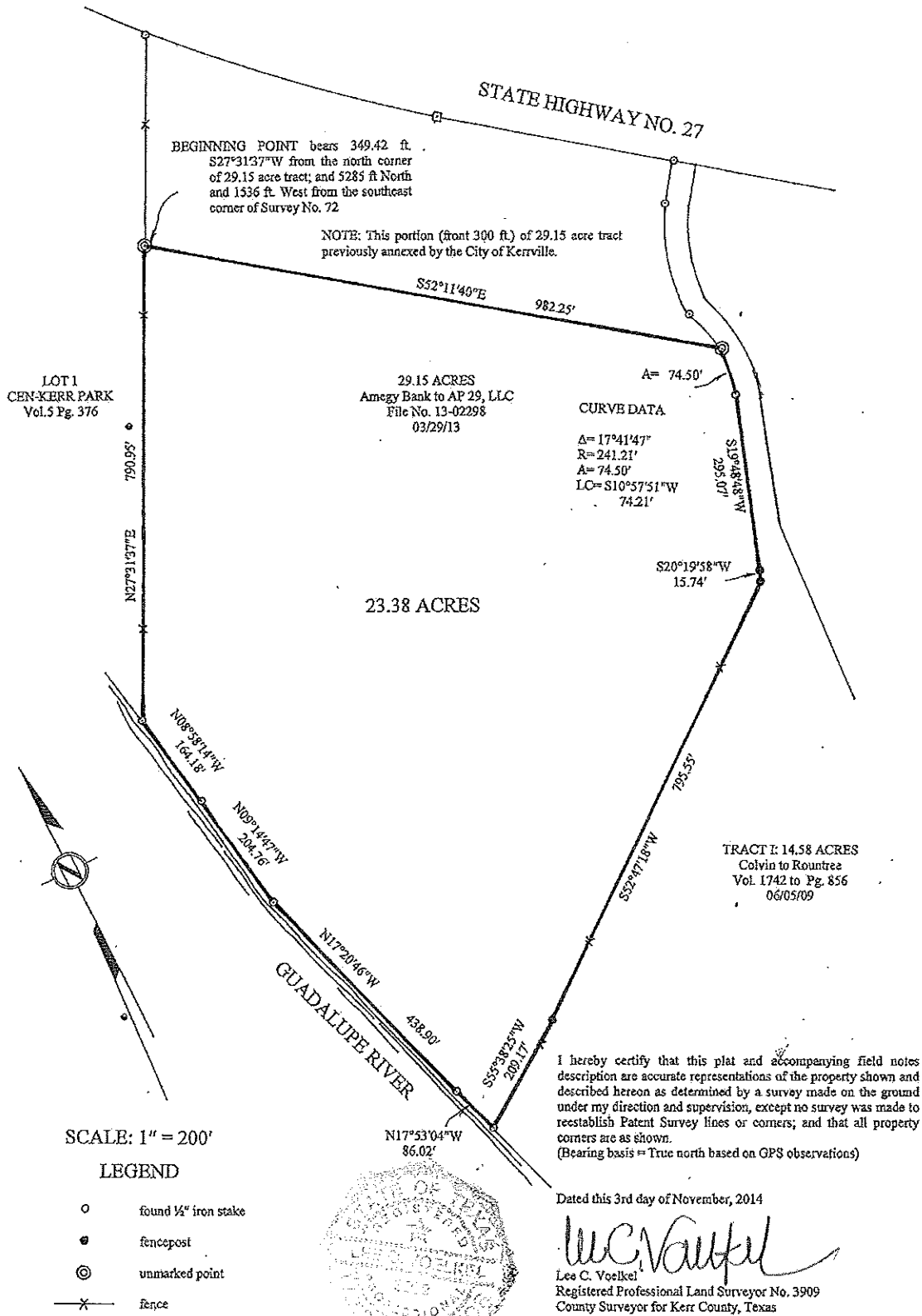


VOELKEL

LAND SURVEYING, PLLC ♦ PHONE: 830-257-3313 ♦ 212 CLAY STREET, KERRVILLE, TEXAS 78028

Contract
2015-24

SURVEY PLAT FOR 23.38 ACRES OF LAND, MORE OR LESS, OUT OF F. RODRIGUEZ SURVEY NO. 72, ABSTRACT NO. 280 IN KERR COUNTY, TEXAS; PART OF A CERTAIN 29.15 ACRE TRACT CONVEYED FROM AMEGY BANK NATIONAL ASSOCIATION TO AP 29, LLC BY A SPECIAL WARRANTY DEED EXECUTED THE 29TH DAY OF MARCH, 2013 AND RECORDED IN FILE NO. 13-02298 OF THE OFFICIAL PUBLIC RECORDS OF KERR COUNTY, TEXAS



Contract
2015-24