

**December 13, 2024**

**OFFICIAL NOTICE  
OF A  
REGULAR MONTHLY MEETING  
AND  
SPECIAL CALLED JOINT MEETING**

**The Kerrville Public Utility Board (KPUB) will hold its Regular Monthly Meeting and a Special Called Joint Meeting with the Kerrville Public Utility Board Public Facility Corporation (KPFC) on Wednesday, December 18, 2024, beginning at 8:30 a.m. The meetings will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.**



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**Lidia S. Goldthorn, Assistant Secretary**

**AGENDA**  
**KERRVILLE PUBLIC UTILITY BOARD**  
**REGULAR MONTHLY MEETING**  
**AND**  
**KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND**  
**KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)**  
**SPECIAL CALLED JOINT MEETING**  
**WEDNESDAY, DECEMBER 18, 2024, 8:30 A.M.**  
**KPUB CONFERENCE ROOM**  
**KERRVILLE PUBLIC UTILITY BOARD OFFICES**  
**2250 MEMORIAL BLVD.**  
**KERRVILLE, TEXAS**

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

**CALL TO ORDER (KPUB and KPFC):**

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

**1. CITIZEN/CONSUMER OPEN FORUM (KPUB and KPFC):**

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 (KPUB):**

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

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

- ***Wednesday, January 15, 2025 at 8:30 a.m.***
- ***Wednesday, February 19, 2025 at 8:30 a.m.***
- ***Wednesday, March 19, 2025 at 8:30 a.m.***

<b>3.</b>	<b><u>CONSENT AGENDA (KPUB):</u></b>	
	These items are considered routine and can be approved in one motion unless a Board Member asks for separate consideration of an item. It is recommended that the Board approve the following items which will grant the General Manager to take all actions necessary for each approval:	
3A.	APPROVAL OF MINUTES – Approval of the November 12, 2024, Special Called Board Meeting Minutes and November 18, 2024 Regular Monthly Board Meeting Minutes .....	1
3B.	RESOLUTION NO. 24-20 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving payment to various providers of services or supplies .....	10
3C.	RESOLUTION NO. 24-21 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution for the annual approval of the Board’s Investment Policy and Strategy, which also includes authorized brokers and dealers .....	13
3D.	APPROVAL OF INTERLOCAL AGREEMENT – AMY DOZIER, ASSISTANT GENERAL MANGER. Approval of an interlocal agreement with The Local Government Purchasing Cooperative (known as BuyBoard) to allow membership in a purchasing cooperative. ....	42
3E.	APPROVAL AND REPORTING OF PURCHASES AND SALES:	
	1. Tree Trimming Services Renewal (Howard Hall, Field Services Supervisor) .....	51
	2. Fleet Sales (Howard Hall, Field Services Supervisor)	
	3. Professional Services Senergy (Mike Wittler, CEO) .....	58
<b>4.</b>	<b><u>FINANCIAL REPORT (KPUB)– AMY DOZIER, ASSISTANT GENERAL MANAGER: ...</u></b>	<b>65</b>
<b>5.</b>	<b><u>RESOLUTION NO. 24-22 (KPUB), RESOLUTION NO. 24-05 (KPFC) AND RELATED MEMORANDUM OF UNDERSTANDING (KPUB AND KPFC) – AMY DOZIER, ASSISTANT GENERAL MANAGER:</u></b>	
	Resolutions related to the reimbursement of prior expenditures from the proceeds of taxable and tax-exempt obligations and a related agreement regarding administrative services and other matters related to construction of an electric power supply facility .....	72
<b>6.</b>	<b><u>MOTIONS TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION (KPUB AND KPFC):</u></b>	
<b>I.</b>	<b><u>EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:</u></b>	
	In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:	
A.	Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO	

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

**II. 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) Deliberation of competitive matters regarding wholesale market activities to include power supply projects – Mike Wittler, CEO

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

**8. ADJOURNMENT (KPUB AND KPFC)**

**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND  
KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION (KPFC)  
SPECIAL CALLED MEETING  
WEDNESDAY, NOVEMBER 13, 2024, AT 2:00 P.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**KPUB TRUSTEES PRESENT:**

Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston

**KPUB STAFF PRESENT:**

Mike Wittler, General Manager and CEO  
Amy Dozier, Director of Finance  
Allison Bueché, Director of Customer and Community Relations  
Tony Perez, Director of Engineering  
Lidia S. Goldthorn, Assistant Secretary to the Board

**KPUB TRUSTEES ABSENT:**

Mayor Joe Herring, Jr.

**OTHERS PRESENT:**

Stephen Schulte, Legal Counsel  
Dalton Rice, City Manager  
John Bonnin

**CALL TO ORDER:**

Mr. Larry Howard, Chairman, called the Special Called Meeting to order at 2:03 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

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

**I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:**

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

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

- 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. 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) Deliberation of competitive matters regarding wholesale market activities to include power supply projects – Mike Wittler, CEO

**III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:**

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

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

Staff asked both Board Trustees if there was a motion for the Board to convene in Executive Closed Session to discuss “Consultation with Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, and “Deliberation Regarding Real Property: in accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072. KPUB Trustees Bill Thomas, Vice Chairman, so moved. Glenn Andrew, Secretary, seconded the motion. Vote was by show of hands. Motion carried 4 – 0. KPFC Trustees Bill Thomas, Vice Chairman, so moved. Glenn Andrew, Secretary, seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

Both Boards entered Executive Closed Session at 2:05 p.m. Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 4:33 p.m.

**2. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSION:**

No action taken outside of Executive Session by the Board.

**3. ADJOURNMENT**

Chairman Howard adjourned the Special Called Meeting at 4:33 p.m.

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

\_\_\_\_\_  
Larry Howard, Chairman

**ATTEST**

\_\_\_\_\_  
Glenn Andrew, Secretary

**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD  
REGULAR MONTHLY MEETING  
WEDNESDAY, NOVEMBER 20, 2024, AT 8:30 A.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**TRUSTEES PRESENT:**

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

**STAFF PRESENT:**

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

**TRUSTEES ABSENT:**

**OTHERS PRESENT:**

Stephen Schulte, Legal Counsel  
John Bonnin  
Arthur Kimble-Stanley, Norton Rose Fulbright  
Aiden Heisey, Alliant Insurance (*via teleconference*)  
Bill Cowen, Alliant Insurance (*via teleconference*)  
Kent McKinney, City Councilman  
Wanda Cash, Kerrville Daily Times  
Harvey Brinkman  
Patrick Bartell

**CALL TO ORDER:**

Mr. Larry Howard, Chairman, called the Regular Monthly Meeting to order at 8:30 a.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

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

There were no citizens/consumers to speak.

*\*Mr. Wittler requested Chairman Howard proceed to item number 9 on the Agenda to go into Executive Session first. The Board agreed and Chairman Howard proceeded to item number 9.*



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

**I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:**

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

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO
- 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 Board convene in Executive Closed Session to discuss “Consultation with Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071. Rachel Johnston, Treasurer, so moved. Bill Thomas, Vice Chairman seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 8:33 a.m. Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 9:01 a.m.

*\*Chairman Howard elected to proceed to item number 2 on the Agenda. The Board agreed and Chairman Howard proceeded to item number 2.*

**2. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Ms. Bueché highlighted employee anniversaries for November and Julian Jones as the staff spotlight for the month. Mr. Jones has been with KPUB for one year. KPUB employees received the Kerrville Kindness Award from City Council for mutual aid efforts in Georgia and Florida. Employees volunteered with the Mobile Food Pantry on October 28<sup>th</sup> and Fright Night on October 31<sup>st</sup>. Upcoming volunteer activities include Thanksgiving Meal Prep on November 26<sup>th</sup> and Salvation Army Bell Ringing on December 13<sup>th</sup>. Ms. Bueché also highlighted KPUB’s sponsorship of the Habitat for Humanity golf tournament, community weatherization event, Courthouse Christmas tree assembly, participation in the school and Christmas parades, school outreach and support by donation of turkeys to Hunt, P-Tech Committee meeting with Ingram and KPSF Annual Sponsorship. Ms. Bueché announced that KPUB received the following APPA Awards from the Customer Connections Conference: First-ever Smart Energy Provider Award, Public Power Customer Satisfaction Award. Also as part of the conference, DJ Owens was recognized as a Key Accounts Program Graduate. Mr. Owens also won Chamber Ambassador of the Year. Ms. Bueché advised this is National Apprenticeship Week. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Thursday, December 12, 2024 at 1:00 p.m.*
- *Wednesday, December 18, 2024 at 8:30 a.m.*
- *Wednesday, January 15, 2025 at 9:30 a.m.*
- *Wednesday, February 19, 2025 at 8:30 a.m.*

**3. CONSENT AGENDA:**

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

3A. APPROVAL OF MINUTES.

3B. RESOLUTION NO. 24-17 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

3C. SEPTEMBER 2024 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the September 2024, Quarterly Funds Report as presented to the Investment Committee following the October 16, 2024, Board Meeting.

3D. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Bid No. RFP-2024-08-19 – Janitorial Services (Amy Dozier, Director of Finance)

**END OF CONSENT AGENDA**

**4. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented the financial statements for the fiscal year ended September 30, 2023; and the financial statements for the month ended October 31, 2023. Ms. Dozier noted a \$2.3M increase in net position; \$43.9M in operating revenue; \$43.2M in operating expense; \$0.7M in operating income; \$18.9M in over collected power cost adjustment as of September 30, 2024; and \$49.4M invested in investment pools and account at Happy State Bank. She added that the Board will receive a draft of KPUB’s annual report in December with the Auditors BSG&M presenting the annual report at January’s board meeting. Ms. Dozier noted the October financial statements showed a \$198K increase in net position; \$3.2M in operating revenue; \$3.3M in operating expense; \$24.6K in operating loss; \$19.7M in over collection of power cost adjustment as of October 31, 2024; and \$50.2M in investments. Ms. Dozier also provided a power point presentation with the mentioned highlights.

**5. ENGINEERING AND OPERATIONS PROJECTS AND CAPITAL BUDGET REPORT – RICARDO BERRIOS, DISTRIBUTION ENGINEER:**

Mr. Berrios presented the Projects and Capital Budget Reports for the fourth quarter of fiscal year end 2024. Mr. Berrios went over the major projects showing the name, location and number of units in various states of design. He highlighted some of the projects discussed in the report, those that have been completed, and active residential projects. Mr. Berrios also highlighted existing AMR systems; customer extensions, pole inspection replacements; new substation, office furniture and wire barn improvements.

**6. PRESENTATION OF TOP WORK PLACE AWARD – ANNETTE GONZALES, DIRECTOR OF HUMAN RESOURCES:**

Mr. Gonzales advised that in August, KPUB was recognized as a Top Workplace employer for the second consecutive year. The San Antonio Express-News in partnership with Energage conducted a confidential employee survey to gather their feedback on their experience at KPUB. The survey covered various aspects of the workplace experience, including alignment, empowerment, growth opportunities, value, engagement, and respect and support. KPUB achieved an impressive 80% response rate, and the

survey showed KPUB had an overall employee engagement rate of 77%. While there was a slight decrease in engagement compared to last year, staff is committed to enhancing the employee experience and improving engagement scores in the future.

**7. DISCUSSION ON KPUB CUSTOMER SATISFACTION SURVEY RESULTS – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:**

Ms. Bueché advised during the spring of 2024, KPUB conducted an annual customer satisfaction survey through Great Blue Research. The goal of the survey was to measure the community’s overall satisfaction with the service KPUB provides. The survey was pushed out through KPUB’s social media channels, email, website and bill messages for responses. The survey closed in June 2024 and 1,236 customer responses were received. Ms. Bueché advised that the survey included an opportunity for municipally owned utilities to be recognized for their performance through the American Public Power Association (APPA). APPA’s Public Power Customer Satisfaction Awards are given to utilities that set the highest standards in the industry for engaging, communicating, and servicing their customers’ needs. These awards are recognized at gold, silver and bronze levels, based on customer feedback. KPUB was one of only 20 utilities nationwide to receive this prestigious award in 2024. KPUB was honored with a Silver-Level Customer Satisfaction Award for the second year in a row for achieving average ratings above 90% in the areas of: customer service, field personnel, communication, reliability, value, outage response, innovation, and overall satisfaction. Ms. Bueché had also provided the survey results to the Board for their review. Board Members praised staff for the high survey results and thanked them for a job well done.

**8. CONSIDERATION AND ACTION ON RESOLUTION 24-19 – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented Resolution No. 24-19, which had been extensively discussed in previous Executive Session meetings. Chairman Howard thanked Ms. Johnston for initiating, and bringing this resolution forward. He advised this resolution serves as a statement from the Board to show where the Board has been, what it has done and where it is going with regard to the new generation project; with instructions to staff on the process moving forward. Mr. Thomas made a motion to approve Resolution No. 24-19, directing management to pursue power generation ownership in the ERCOT market by building a debt-funded, natural gas-fired, reciprocating internal combustion engine peaking plant. Mayor Joe Herring, Jr. seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

*\*At this time Chairman Howard elected to proceed once again to item number 9 on the Agenda in order to continue with items passed in the first session. The Board agreed and Chairman Howard proceeded to item number 9.*

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

**I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:**

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

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

- 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. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:**

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

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

**III. EXECUTIVE CLOSED SESSION - PERSONNEL MATTERS/CONSULTATION WITH ATTORNEY:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Texas Government Code Sections §551.071 and §551.074, the Kerrville Public Utility Board will recess to deliberate the following “Personnel Matters” and “Consultation with Attorney”:

- A. Consultation with attorneys and deliberation regarding the employment, evaluation, and duties of the General Manager and Chief Executive Officer and Director of Finance.

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

The Board entered Executive Closed Session once again at 9:52 a.m. Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 11:24 a.m.

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

No action taken by the Board.

**9. ADJOURNMENT**

Chairman Howard adjourned the Regular Board Meeting at 11:24 a.m.

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

\_\_\_\_\_  
Larry Howard, Chairman

**ATTEST**

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

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2024

Re: Agenda Item No. 3B – Resolution No. 24-20

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In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between November 14, 2024 and December 11, 2024 for Board approval:

	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Date</u>
<b>Purchased Power:</b>				
1	NextEra	October 2024	485,088.00	11/19/2024
2	Concho Bluff	October 2024	102,194.89	11/21/2024
3	CPS	October 2024	632,202.57	11/22/2024
4	DG Solar	October 2024	52,546.88	11/26/2024
5	Engie	October 2024	87,409.32	11/29/2024
6	Garland	October 2024	2,224.85	11/29/2024
7	LCRA	October 2024	650,942.46	12/04/2024
<b>Payroll:</b>				
1	Payroll	Pay period ending 11/16/2024	162,804.20	11/22/2024
2	Payroll	Pay period ending 11/30/2024	164,945.32	12/06/2024
3	Payroll Taxes	Pay period ending 11/16/2024	53,282.67	11/27/2024
4	Payroll Taxes	Pay period ending 11/30/2024	54,120.09	12/11/2024
<b>Employee Benefits:</b>				
1	TX Health Benefits	Health Insurance - December	97,870.86	12/02/2024
2	TMRS	Pension - November Payroll	93,430.54	12/05/2024
<b>Investment Transfers:</b>				
1	Happy State Bank	Transfer to LOGIC	2,000,000.00	11/15/2024
2	Happy State Bank	Investment Transfer	700,000.00	11/22/2024
3	Happy State Bank	Investment Transfer	600,000.00	11/27/2024
4	Happy State Bank	Investment Transfer	275,000.00	11/29/2024
5	Happy State Bank	Investment Transfer	400,000.00	12/06/2024

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

Sincerely,

A handwritten signature in blue ink that reads "Amy Dozier". The signature is written in a cursive style and is placed on a light-colored rectangular background.

Amy Dozier  
Assistant General Manager

**RESOLUTION NO. 24-20**

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

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

**WHEREAS**, the Director of Finance or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

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

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

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

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

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

**PASSED, APPROVED AND ADOPTED on this 18<sup>th</sup> day of December, 2024**

\_\_\_\_\_  
**Larry Howard, Chairman**

**ATTEST:**

\_\_\_\_\_  
**Glenn Andrew, Secretary**



# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2024

Re: Agenda Item No. 3C – Investment Policy and Strategy

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Resolution No. 24-21 and Board Policy 44 – Investment Policy and Strategy (Policy) are presented for your consideration. The Public Funds Investment Act requires an annual review and adoption of an investment policy and authorized brokers and dealers.

This year, KPUB's policy was reviewed by:

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

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

- Changing Director of Finance to Assistant General Manager to reflect my title change
- Changing the required signature on quarterly reports to be the Assistant General Manager **or** the Supervisor of Accounting instead of **and**.

Staff recommends approval of Resolution No. 24-21.

Sincerely,



Amy Dozier  
Assistant General Manager

## RESOLUTION NO. 24-21

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

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

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

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

**WHEREAS**, the Board hereby finds and determines that the Policy and investment strategies are adopted for the year ending December 31, 2024; and

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

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

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

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

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

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

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

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

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

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

**PASSED, APPROVED AND ADOPTED on this 18<sup>th</sup> day of December, 2024**

\_\_\_\_\_  
**Larry Howard, Chairman**

**ATTEST:**

\_\_\_\_\_  
**Glenn Andrew, Secretary**

**KERRVILLE PUBLIC UTILITY BOARD**

**BOARD POLICY 44**

Title: Investment Policy and Strategy	
Effective Date: December <del>18, 2023</del> , <del>2023</del>	Resolution No. <del>24-213-19</del>
Replaces: December <del>13, 2023</del> , <del>2022</del>	Resolution No. <del>23-2-19</del>

**44.00 SCOPE**

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

**44.10 POLICY STATEMENT**

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

**44.20 OBJECTIVES**

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

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

matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets as well as maintaining a minimum one-month liquidity buffer.

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

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

**44.30** **ASSIGNMENT OF RESPONSIBILITIES**

**44.31** **KPUB Board**

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

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

**44.32** **Investment Committee**

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

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

**44.33****Investment Officers**

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

**44.34****Investment Advisor**

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

**44.35****Standard of Care**

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

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

**44.36****Ethics and Conflicts of Interest**

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

**44.37****Officer Training**

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

#### 44.40 REPORTING

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

#### 44.41 Audits

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

#### 44.50 AUTHORIZED INVESTMENTS

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

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

2256.010) with a maximum maturity of two (2) years;

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

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

#### **44.51**

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

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

#### **44.52**

##### **Competitive Bidding**

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



44.53 **Delivery versus payment settlement**

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

44.60 **HEDGING**

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

44.61 **Market Hedge**

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

44.62 **Internal Hedge**

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

44.70 **INVESTMENT STRATEGIES**

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

comparable period two- and three-year Treasury Notes.

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

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

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

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

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

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

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

#### **44.72 Revenue Fund**

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

#### **44.73 Construction Fund**

The Construction Fund is to be structured to meet known construction payment requirements. Due to long construction periods the maximum maturity for these funds shall be ten (10) years and the maximum WAM shall be three (3) years. A ladder portfolio strategy using high credit quality securities will be based on known expenditure plans. The Construction Fund will be compared against

appropriately competitive and reasonable benchmarks. The use of this fund will be initiated by the ~~Director of Finance~~Assistant General Manager and or the General Manager/Chief Executive Officer.

**44.74 Debt Reserve Fund**

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

**44.75 Interest and Sinking Fund**

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

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

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

**44.77 Rate Stabilization Fund**

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

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

**44.78 Long-Term Rate Stabilization Fund**

The Long-Term Rate Stabilization Fund was established to minimize the exposure

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

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

**44.79 Federal Income Tax Limitations on Investments**

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

**44.80 BANKS AND BROKER/DEALERS**

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

**44.81 Banks**

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

**44.82 Broker/dealers**

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

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

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

Each broker/dealer will be provided the current Policy.

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

#### **44.83 Local Government Investment Pools**

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

#### **44.90 COLLATERAL**

##### **44.91 Collateral Pledged to KPUB**

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

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

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

KPUB's designated custodian shall provide a current list of all pledged investment securities monthly. The list must include (for each pledged investment security):

KPUB's name; the CUSIP number of the security; par amount and maturity date of the security.

**44.92 Collateral Owned by KPUB**

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

Authorized collateral for repurchase agreements shall include only:

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

**44.100 INTERNAL CONTROLS**

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

**44.101 Cash Flow Forecasting**

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

**44.102 Loss of Rating**

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

**44.103 Monitoring FDIC Coverage**

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

**44.110 INVESTMENT POLICY ADOPTION**

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

**Approved as to Form**

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

**Approved as to Legality and Content**

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

**Recommended for Board Approval**

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

Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 202~~4~~<sup>3</sup>

\_\_\_\_\_  
~~Larry Howard~~ Mark Cowden,  
Chairman

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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



**KERRVILLE PUBLIC UTILITY BOARD**

**BOARD POLICY 44**

Title: Investment Policy and Strategy	
Effective Date: December 18, 2024	Resolution No. 24-21
Replaces: December 13, 2023	Resolution No. 23-19

**44.00 SCOPE**

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

**44.10 POLICY STATEMENT**

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**44.20 OBJECTIVES**

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

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

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

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

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#### **44.50 AUTHORIZED INVESTMENTS**

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

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

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

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

**44.51 Mark-to-market**

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

**44.52 Competitive Bidding**

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

**44.53 Delivery versus payment settlement**

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

**44.60 HEDGING**

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

**44.61 Market Hedge**

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

**44.62 Internal Hedge**

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

**44.70 INVESTMENT STRATEGIES**

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

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

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

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

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

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

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

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

#### **44.72 Revenue Fund**

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

#### **44.73 Construction Fund**

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

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

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

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

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

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

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



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

**44.79 Federal Income Tax Limitations on Investments**

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

**44.80 BANKS AND BROKER/DEALERS**

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

**44.81 Banks**

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

**44.82 Broker/dealers**

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

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

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

Each broker/dealer will be provided the current Policy.

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

**44.83 Local Government Investment Pools**

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

**44.90 COLLATERAL**

**44.91 Collateral Pledged to KPUB**

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

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

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

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

**44.92 Collateral Owned by KPUB**

Collateral underlying repurchase agreements are owned by KPUB and must have a market value equal to at least 102 percent daily monitored and reported daily by the

counter-party. Collateral shall be held by an independent third-party financial institution approved by KPUB using a DVP settlement.

Authorized collateral for repurchase agreements shall include only:

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

#### **44.100 INTERNAL CONTROLS**

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

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

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

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

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

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

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

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

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

**Approved as to Form**

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

**Approved as to Legality and Content**

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

**Recommended for Board Approval**

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

**Passed, Approved and Adopted this \_\_\_\_ day of \_\_\_\_\_, 2024**

\_\_\_\_\_  
Larry Howard, Chairman

EXHIBIT A  
AUTHORIZED BROKER / DEALERS

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

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2024

Re: Agenda Item No. 3D – Interlocal Agreement - Purchasing Cooperative

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A purchasing cooperative is an organization of government entities that have joined together to take advantage of economies of scale that may increase the members' purchasing power, result in better pricing, and simplify the purchasing process. The purchasing cooperative takes care of bidding for commonly purchased items. Then, cooperative members can purchase those items using the pricing negotiated by the cooperative. Items purchased through a purchasing cooperative are specifically exempted from additional bid requirements per Chapter 252 of the Texas Local Government Code.

The Local Government Purchasing Cooperative (known as BuyBoard) is a purchasing cooperative administered by the Texas Association of School Boards and endorsed by the Texas Municipal League. Membership is free and open to all local governments, but requires Board approval of an interlocal agreement.

The interlocal agreement is attached. Staff recommends approval.

Sincerely,



Amy Dozier  
Assistant General Manager

# The Local Government Purchasing Cooperative

## INTERLOCAL PARTICIPATION AGREEMENT

This Interlocal Participation Agreement ("Agreement") is made and entered into by and between The Local Government Purchasing Cooperative ("Cooperative"), an administrative agency of cooperating local governments, acting on its own behalf and the behalf of all participating local governments, and the undersigned local government of the State of Texas ("Cooperative Member").

### I. RECITALS

WHEREAS, a local government entity is authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, to agree with other local government entities to form a purchasing cooperative; and

WHEREAS, the Cooperative is further authorized as a local purchasing cooperative organization as set forth in Section 271.101, *et seq.*, of the Texas Local Government Code; and

WHEREAS, the purpose of this Agreement is to facilitate compliance with state procurement requirements, to identify qualified vendors of commodities, goods and services, to relieve the burdens of the governmental purchasing function, and to realize the various potential economies, including administrative cost savings, for Cooperative Members;

NOW THEREFORE, in consideration of the mutual covenants, promises and obligations contained herein, the undersigned Cooperative Member and the Cooperative agree as follows.

### II. TERMS AND CONDITIONS

- 1. Adopt Organizational Interlocal Cooperation Agreement.** The Cooperative Member by the execution or acceptance of this Agreement hereby adopts and approves the Organizational Interlocal Agreement dated January 26, 1998, which agreement is incorporated herein by reference (and is available from the Cooperative upon request). The Organizational Interlocal Agreement established the Cooperative as an administrative agency of its collective participants, and Cooperative Member agrees to become a participant or additional party to that Organizational Interlocal Agreement.
- 2. Term.** The initial term of this Agreement shall commence on the date it is executed by both parties and shall automatically renew for successive one-year terms unless sooner terminated in accordance with the provisions of this Agreement. If the Cooperative Member is an existing Cooperative Member that joined the Cooperative by executing a participation agreement which authorized amendment upon the Cooperative providing 60 days notice, then this Agreement will be deemed an Amendment by Notice, which will be effective on the 61<sup>st</sup> day that the Cooperative Member is sent notice of this document. In addition, this Agreement will continue to automatically renew for successive one-year terms on the anniversary date of the Cooperative Member's initial term (not the effective date of the Amendment by Notice), unless the Agreement is sooner terminated in accordance with the provisions herein

### 3. Termination.

- (a) **By the Cooperative Member.** This Agreement may be terminated by the Cooperative Member at any time by thirty (30) days prior written notice to the Cooperative, provided any amounts owed to the Cooperative and any vendor have been fully paid.
- (b) **By the Cooperative.** The Cooperative may terminate this Agreement by:
  - (1) Giving ten (10) days notice by certified mail to the Cooperative Member if the Cooperative Member breaches this Agreement; or
  - (2) Giving thirty (30) days notice by certified mail to the Cooperative Member with or without cause.
- (c) **Termination Procedure.** If the Cooperative Member terminates its participation under this Agreement or breaches this Agreement, or if the Cooperative terminates participation of the Cooperative Member, the Cooperative Member shall bear the full financial responsibility for all of its purchases made from vendors under or through this Agreement. The Cooperative may seek the whole amount due, if any, from the terminated Cooperative Member. In addition, the Cooperative Member agrees it will neither be entitled to a refund of any membership dues paid nor a distribution which may occur after the Cooperative Member terminates from the Cooperative.

### 4. Payments by Cooperative Member.

- (a) The Cooperative Member agrees to pay membership fees as may be required by the Cooperative. The Cooperative will provide the Cooperative Member with 60 days prior written notice of any change in the membership fee before such fee becomes effective. Membership fees are payable by Cooperative Member within 30 days of receipt of an invoice from the Cooperative or its designee, unless otherwise provided by law. A late charge amounting to the maximum interest allowed by law, but not less than the rate of interest under Section 2251.021, *et seq.*, Texas Government Code, shall begin to accrue daily on the 46th day following the due date and continue to accrue until the membership fees and late charges are paid in full. The Cooperative reserves the right to collect all funds that are due to the Cooperative in the event of termination by Cooperative Member or breach of this Agreement by Cooperative Member.
- (b) In addition to membership fees, the Cooperative Member will make timely payments to the vendor for the goods, materials and services received in accordance with the terms and conditions of the bid invitation, instructions, and all other applicable procurement documents. Payment for goods, materials and services and inspections and acceptance of goods, materials and services ordered by the procuring Cooperative Member shall be the exclusive obligation of the procuring Cooperative Member, and not the Cooperative. Furthermore, the Cooperative Member is solely responsible for negotiating and securing ancillary agreements from the vendor on such other terms and conditions, including provisions relating to insurance or bonding, that the Cooperative Member deems necessary or desirable under state or local law, local policy or rule, or within its business judgment.



5. **Payments by Vendors.** The parties agree that the Cooperative will require payment from vendors which are selected to provide goods, materials or services to Cooperative Members. Such payment (hereafter "Vendor Fees") may be up to two percent (2%) of the purchase price paid by Cooperative Members or a flat fee amount that may be set from time to time by the Cooperative Board of Trustees. Cooperative Member agrees that these Vendor Fees fairly compensate the Cooperative for the services and functions performed under this Agreement and that these Vendor Fees enable the Cooperative to pay the administrative, endorsement, licensing, marketing, and other expenses involved in successfully operating a program of electronic commerce for the Cooperative Members. Further, Cooperative Member affirmatively disclaims any rights to such Vendor Fees, acknowledging all such fees are the property of the Cooperative. Similarly, in no event shall a Cooperative Member be responsible for payment of Vendor Fees.
6. **Distribution.** From time to time, and at the sole discretion of the Cooperative Board of Trustees, the Cooperative may issue a distribution to Cooperative Members under a plan developed by the Cooperative Board of Trustees. Cooperative Member acknowledges that a distribution is never guaranteed and will depend on the overall financial condition of the Cooperative at the time of the distribution and the purchases made by the Cooperative Member.
7. **Administration.** The Cooperative may enter into contracts with others, including non-profit associations, for the administration, operation and sponsorship of the purchasing program provided by this Agreement. The Cooperative will provide reports, at least annually, to the Cooperative Member electronically or by mail. Cooperative Member will report purchase orders generated under this Agreement to the Cooperative or its designee, in accordance with instructions of the Cooperative.
8. **BuyBoard®.** Cooperative Member will have a non-exclusive license to use the BuyBoard electronic purchasing application during the term of this Agreement. Cooperative Member acknowledges and agrees that the BuyBoard electronic application and trade name are owned by the Texas Association of School Boards, Inc. and that neither the Cooperative nor the Cooperative Member has any proprietary rights in the BuyBoard electronic application or trade name. Cooperative Member will not attempt to resell, rent, or otherwise distribute any part of the BuyBoard to any other party; nor will it attempt to modify the BuyBoard programs on the server or acquire the programming code. Cooperative Member may not attempt to modify, adapt, translate, distribute, reverse engineer, decompile, or disassemble any component of the application. Cooperative Member will use the BuyBoard in accordance with instructions from the Cooperative (or its designee) and will discontinue use upon termination of participation in the Cooperative. Cooperative Member will maintain equipment, software and conduct testing to operate the BuyBoard system at its own expense.

### III. GENERAL PROVISIONS

1. **Amendment by Notice.** The Board may amend this Agreement, provided that prior written notice is sent to the Cooperative Member at least 60 days prior to the effective date of any change described in such amendment and provided that the Cooperative Member does not terminate its participation in the Cooperative before the expiration of said 60 days.

2. **Authorization to Participate and Compliance with Local Policies.** Each Cooperative Member represents and warrants that its governing body has duly authorized its participation in the Cooperative and that the Cooperative Member will comply with all state and local laws and policies pertaining to purchasing of goods and services through its membership in the Cooperative.
3. **Bylaws.** The Cooperative Member agrees to abide by the Bylaws of the Cooperative, as they may be amended, and any and all written policies and procedures established by the Cooperative.
4. **Cooperation and Access.** The Cooperative Member agrees that it will cooperate in compliance with any reasonable requests for information and/or records made by the Cooperative. The Cooperative reserves the right to audit the relevant records of any Cooperative Member. Any breach of this provision shall be considered material and shall make the Agreement subject to termination on ten (10) days written notice to the Cooperative Member.
5. **Coordinator.** The Cooperative Member agrees to appoint a program coordinator who shall have express authority to represent and bind the Cooperative Member, and the Cooperative will not be required to contact any other individual regarding program matters. Any notice to or any agreements with the coordinator shall be binding upon the Cooperative Member. The Cooperative Member reserves the right to change the coordinator as needed by giving written notice to the Cooperative. Such notice is not effective until actually received by the Cooperative.
6. **Current Revenue.** The Cooperative Member hereby warrants that all payments, fees, and disbursements required of it hereunder shall be made from current revenues budgeted and available to the Cooperative Member.
7. **Defense and Prosecution of Claims.** The Cooperative Member authorizes the Cooperative to regulate the commencement, defense, intervention, or participation in a judicial, administrative, or other governmental proceeding or in an arbitration, mediation, or any other form of alternative dispute resolution, or other appearances of the Cooperative in any litigation, claim or dispute which arises from the services provided by the Cooperative on behalf of its members, collectively or individually. Neither this provision nor any other provision in this Agreement will create a legal duty for the Cooperative to provide a defense or prosecute a claim; rather, the Cooperative may exercise this right in its sole discretion and to the extent permitted or authorized by law. The Cooperative Member shall reasonably cooperate and supply any information necessary or helpful in such prosecution or defense. Subject to specific revocation, the Cooperative Member hereby designates the Cooperative to act as a class representative on its behalf in matters arising out of this Agreement.
8. **Governance.** The Board of Trustees (Board) will govern the Cooperative in accordance with the Bylaws.

9. **Jurisdiction/Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and, to the extent permitted by law, venue for all disputes arising under this Agreement shall lie in Travis County, Texas.
10. **Legal Authority.** The Cooperative Member represents and warrants to the Cooperative the following:
- (a) It meets the definition of “Local Government” or “State Agency” under the Interlocal Cooperation Act (“Act”), Chapter 791 of the Texas Government Code.
  - (b) The functions and services to be performed under the Agreement will be limited to “Administrative Functions” as defined in the Act, which includes purchasing.
  - (c) It possesses the legal authority to enter into this Agreement and can allow this Agreement to automatically renew without subsequent action of its governing body.
  - (d) Purchases made under this Agreement will satisfy all procedural procurement requirements that the Cooperative Member must meet under all applicable local policy, regulation, or state law.
  - (e) All requirements – local or state – for a third party to approve, record or authorize the Agreement have been met.
11. **Disclaimer.** THE COOPERATIVE, ITS ENDORSERS (TEXAS ASSOCIATION OF SCHOOL BOARDS, INC., TEXAS ASSOCIATION OF COUNTIES, AND TEXAS MUNICIPAL LEAGUE) AND SERVICING CONTRACTOR (TEXAS ASSOCIATION OF SCHOOL BOARDS, INC.) DO NOT WARRANT THAT THE OPERATION OR USE OF COOPERATIVE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE.
- THE COOPERATIVE, ITS ENDORSERS AND SERVICING CONTRACTORS, HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, IN REGARD TO ANY INFORMATION, PRODUCT OR SERVICE FURNISHED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
12. **Limitation of Liability.** Without waiver of the disclaimer or other limitation of liability in this Agreement, the parties agree that:
- (a) Neither party waives any immunity from liability afforded under law;
  - (b) In regard to any lawsuit or formal adjudication arising out of or relating to this Agreement, neither party shall be liable to the other under any circumstance for special, incidental, consequential, or exemplary damages;

- (c) The maximum amount of damages recoverable will be limited to the amount of fees which the Cooperative received as a direct result of the Cooperative Member's membership fee and purchase activity, within 24 months of when the lawsuit or action was filed; and
- (d) In the event of a lawsuit or formal adjudication the prevailing party will be entitled to recover reasonable attorney's fees pursuant to Section 271.159 of the Texas Local Government Code.

Without waiver of the disclaimer or other limitation of liability in this Agreement, the parties further agree to limit the liability of the Cooperative's servicing contractor, endorsers and sponsors (including, but not limited to, the Texas Association of School Boards, Inc., Texas Association of Counties, Texas Municipal League, and educational service centers) up to the maximum amount each received from or through the Cooperative, as a direct result of the undersigned Cooperative Member's membership fee and purchase activity, within 24 months of the filing of any lawsuit or action.

- 13. **Limitation of Rights.** Except as otherwise expressly provided in this Agreement, nothing in this Agreement, is intended to confer upon any person, other than the parties hereto, any benefits, rights, or remedies under or by reason of this Agreement.
- 14. **Merger/Entirety.** This Agreement, together with the Cooperative's Bylaws and Organizational Interlocal Agreement, represents the complete understanding of the Cooperative and Cooperative Member. To the extent there exists any conflict between the terms of this Agreement and that of prior agreements, the terms of this Agreement shall control and take precedence over all prior participation agreements.
- 15. **Notice.** Any written notice to the Cooperative shall be made by first class mail, postage prepaid, and delivered to the BuyBoard Administrator, Texas Association of School Boards, Inc., P.O. Box 400, Austin, Texas 78767-0400. Notices to Cooperative Member may be made by first class mail, postage prepaid, and delivered to the Cooperative Member's Coordinator or chief executive officer (e.g., superintendent, city manager, county judge or mayor).
- 16. **Severability.** If any portion of this Agreement shall be declared illegal or held unenforceable for any reason, the remaining portions shall continue in full force and effect.
- 17. **Signatures/Counterparts.** The failure of a party to provide an original, manually executed signature to the other party will not affect the validity, enforceability or binding effect of this Agreement because either party may rely upon a facsimile signature as if it were an original. Furthermore, this Agreement may be executed in several separate counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.
- 18. **Warranty.** By the execution and delivery of this Agreement, the undersigned individuals warrant that they have been duly authorized by all requisite administrative action required to enter into and perform the terms of this Agreement.

*[Signature page follows.]*



IN WITNESS WHEREOF, the parties, acting through their duly authorized representatives, accept this Agreement.

**TO BE COMPLETED BY THE COOPERATIVE:**

The LOCAL GOVERNMENT PURCHASING COOPERATIVE,  
as acting on behalf of all other Cooperative Members

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Dan Troxell, Ph.D., Secretary

**TO BE COMPLETED BY COOPERATIVE MEMBER:**

*[Signature required unless accepted as an Amendment by Notice as described in the Agreement.]*

\_\_\_\_\_  
(Name of Local Government)

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature of authorized representative of Cooperative Member

\_\_\_\_\_  
Printed name and title of authorized representative

Coordinator (Program Contact) for the Cooperative Member is:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City

Texas, \_\_\_\_\_  
(zip)

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Email



**BOARD RESOLUTION**

**of**

---

(Name of Local Government)

**Cooperative Member**

WHEREAS, the above-named entity (hereinafter “Cooperative Member”) desires to participate in a local government cooperative purchasing program pursuant to the authority granted by Chapter 791 of the Texas Government Code, the Interlocal Cooperation Act (“Act”) and has elected to be a Cooperative Member in The Local Government Purchasing Cooperative (hereinafter “Cooperative”), a local government purchasing cooperative program created by local governments in accordance with and pursuant to the Act and Section 271.101, *et seq.*, of the Texas Local Government Code;

WHEREAS, the Cooperative Member, is of the opinion that participation in the Cooperative’s purchasing program will be highly beneficial through the efficiencies and potential savings to be realized; and

WHEREAS, the Cooperative Member has reviewed the Interlocal Participation Agreement (“Agreement”) and seeks to adopt such Agreement in order to become a member of, and participate in, the Cooperative;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Trustees hereby adopts the above-referenced Agreement as presented, thereby becoming a member of The Local Government Purchasing Cooperative; and
2. The Board of Trustees of the Cooperative Member authorizes its Board President, Superintendent or the Superintendent’s designee to execute the Interlocal Participation Agreement which includes the adoption and approval of the Organizational Interlocal Agreement previously executed and adopted by two or more local governments.

PASSED AND ADOPTED at a meeting of the Board as of the following date:

\_\_\_\_\_.

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President, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

# MEMORANDUM

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

From: Howard Hall

Date: December 5, 2024

Re: Agenda Item No. 3E.1 & 2 – Approval and Reporting of Purchases and Sales

---

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

- 1. Tree Trimming Services.** Staff recommends approval of a blanket purchase order to Townsend Tree Service Company LLC for an estimated \$880,000 for one year of tree trimming and right-of-way clearing services by two crews, equipment, and a Lead Foreman. Bids were requested for a one year contract with up to four one year extensions. This will be the first one year extension since the contract was approved in January 2024. Townsend Tree Service Company LLC has provided quality tree trimming services to KPUB since 2006. Services are invoiced weekly based on actual billable hours. Attached is the proposed rate schedule for 2025 with a spreadsheet showing the increases.
- 2. Fleet Sales.** The following vehicle was auctioned and sold through JJ Kane Auctioneers. Unit 3241, 2016 Ford F-350 Extended Cab 4x4 Cab and Chassis Pickup for \$6,412.50. The amount mentioned is the price after the auctioneer percentage was deducted from the sale price. Attached is the sellers report.

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

Sincerely,



Howard Hall  
Supervisor, Field Services



November 22, 2024

Howard Hall, Supervisor of Field Services  
KPUB  
2250 Memorial Blvd.  
Kerrville, TX 78028

RE: 2025 Rate Renewal

Dear Mr. Hall,

Townsend Tree Service Company LLC appreciates being afforded the opportunity to work with Kerrville Public Utility Board in 2024. Please find our pricing enclosed for 2025 Projects.

- **Townsend had added fuel surcharge language that would apply to this contract.**
- **All pricing is contingent upon a mutually agreed upon contract between KPUB and Townsend Tree Service Company.**

Our Mission is to provide our clients with outstanding service quality in a safe and reliable manner. We endeavor to develop long-term relationships with our customers by consistently delivering superior service excellence while adhering to the highest ethical and professional standards in our industry. We are committed to reliability, responsiveness, and customer-centered solutions.

Our Core Values are Safety, Excellence, Integrity, Character, and Accountability. We are committed to following our Core Values with every project, every client, every day.

If you should need additional information, please contact Mark Dalland at 512-470-1708.

Sincerely,

Amy E. Townsend, CEO

1015 W. Jackson Street, Muncie, IN 47305  
765-468-1417





**2025 LABOR & EQUIPMENT RATES**

<b>LABOR</b>	<b>RATE</b>
Foreman A	\$49.64
Climber A	\$43.01
Climber B	\$35.29

<b>EQUIPMENT</b>	<b>RATE</b>
Lead Foreman Pick up	\$13.11
55' Bucket Truck	\$20.75
Disc Chipper	\$6.56

1015 W. Jackson Street, Muncie, IN 47305  
765-468-1417



In the event that Fuel Prices Increase by more than 10% from the date the bid was submitted during the term of this contract, Townsend Tree Service Company reserves the right to invoice a fuel surcharge for the difference in increased fuel prices monthly until fuel decreases to the level they were at the date of submittal. The fuel surcharge will be calculated as follows:

“Current Price of Fuel (Unleaded and Diesel) actually purchased, minus (-) the price of fuel at submittal date, using the (info below) (x) the number of actual gallons purchased in each month.”

**Unleaded** [https://www.eia.gov/dnav/pet/pet\\_pri\\_gnd\\_a\\_epmru\\_pte\\_dpgal\\_w.htm](https://www.eia.gov/dnav/pet/pet_pri_gnd_a_epmru_pte_dpgal_w.htm)

**Diesel** [https://www.eia.gov/dnav/pet/pet\\_pri\\_gnd\\_a\\_EPD2DXL0\\_pte\\_dpgal\\_w.htm](https://www.eia.gov/dnav/pet/pet_pri_gnd_a_EPD2DXL0_pte_dpgal_w.htm)

**PADD Map-3 Gulf Coast** [https://www.eia.gov/petroleum/gasdiesel/diesel\\_map.php](https://www.eia.gov/petroleum/gasdiesel/diesel_map.php)

## Townsend Tree 2025 Proposed Rates

<b>Title</b>	<b>2024 Rates</b>	<b>2025 Rates</b>	<b>Difference</b>	<b>Percentage</b>
General Foreman	\$47.28	\$49.64	\$2.36	4.99%
Foreman	\$47.28	\$49.64	\$2.36	4.99%
Climber A	\$41.76	\$43.01	\$1.25	2.99%
Climber B	\$34.26	\$35.29	\$1.03	3.01%
	\$170.58	\$177.58		4.00% average percentage increase
Equipment				
Bucket Truck	\$20.14	\$20.76	\$0.61	3.05%
Chipper	\$6.36	\$6.56	\$0.20	3.14%
Pick-Up Truck	\$12.72	\$13.11	\$0.39	3.07%
	\$39.22	\$40.43		3.09% average percentage increase

Payout ID: 145771

Auction ID: 1042



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 455-5263

Fax: (877) 346-8960

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

### LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

11/06/2024 AL (Central Regional) - 1042

<b>61572</b>	2016 Ford F350 4x4 Extended-Cab & Chassis, 8-cyl gas, Auto, A/C, with Grill Guard, (125,499 miles) (Runs & Moves) (Check Differentials Notification On, Condition Unknown)) This is a Titled Item NOTE: This unit is being sold AS IS/WHERE IS via Timed Auction. For pickup information and terms, please reference the release form. (Buyer is responsible for removal. Assistance by consignor or JJ Kane Auctioneers is not assured.)  V.I.N.: 1FD8X3F63GEC25047	Amt Bid:	<b>\$6,750.00</b>	-- EXPENSE --	-EXPLANATION-	
		Commission:	\$337.50	Adjustments:	\$0.00	
		Transportation:	\$0.00	Parts/Repairs:	\$0.00	<b>\$6,412.50</b>
		Washing:	\$0.00	Misc Exp 1:	\$0.00	
		Decommission:	\$0.00	Misc Exp 2:	\$0.00	

NOT Final

Payout ID: 145771

Auction ID: 1042



33 Inverness Center Parkway  
Birmingham, AL 35242  
Tel: (844) 455-5263  
Fax: (877) 346-8960

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

### LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD  
2250 Memorial Blvd  
Kerrville, TX 78028  
11/06/2024 AL (Central Regional) - 1042

#### LOT SPECIFIC AMOUNTS and FEES

#### SELLER SPECIFIC EXPENSES and INCOME

<b>TOTAL AMOUNT OF ALL LOTS SOLD:</b>	<b>\$6,750.00</b>				
TOTAL AMOUNT OF Commission:	\$337.50	Seller Expenses	}	Advertising:	\$0.00
TOTAL AMOUNT OF Transportation:	\$0.00				\$0.00
TOTAL AMOUNT OF Washing:	\$0.00				\$0.00
TOTAL AMOUNT OF Decommission:	\$0.00				\$0.00
TOTAL AMOUNT OF Adjustments:	\$0.00				
TOTAL AMOUNT OF Parts/Repairs:	\$0.00	Seller Income	}		\$0.00
TOTAL AMOUNT OF Misc Exp 1:	\$0.00				\$0.00
TOTAL AMOUNT OF Misc Exp 2:	\$0.00				\$0.00
<b>LOTS SUBTOTAL:</b>	<b>\$6,412.50</b>				
					<b>SELLER NET</b>
					<b>\$6,412.50</b>

## MEMORANDUM

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

From: Mike Wittler

Date: December 11, 2024

Re: Item 3E.3 —Professional Services SEnergy

---

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

- Power Supply Planning and ERCOT Market Support: The attached proposal outlines the ERCOT support services that SEnergy has normally been providing to KPUB. The total for this purchase is \$95,000.
- Regulatory Support Services: For a number of years Schneider has been tracking regulatory agency changes, supporting the submission of reports to regulatory agencies and supporting North American Electric Reliability Corporation (NERC) reliability compliance programs and audits for a group of its clients. We would like to continue receiving this support. The total for this purchase is \$24,000.
- Due Diligence Support for the Generation Project: The total for this purchase is \$25,000.

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

Thanks,



Mike Wittler, P.E.

PRESENTED BY



POWERED BY SCHNEIDER ENGINEERING

**FISCAL YEAR 2025 PROPOSAL**  
POWER SUPPLY PLANNING – ERCOT MARKET SUPPORT

PREPARED FOR  
KERRVILLE PUBLIC UTILITIES BOARD

OCTOBER 28, 2024

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

**SCOPE OF WORK:**

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

**COST ESTIMATE:**

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

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

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





# PROPOSAL

## AGENCY TRACKING AND COMPLIANCE SUPPORT SERVICES

PREPARED FOR  
KERRVILLE PUBLIC UTILITY BOARD

OCTOBER 8, 2024

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

**PROPOSAL:** Agency Tracking and Compliance Service – FY2025

**SCOPE OF WORK:** SENERGY (SE) proposes ongoing Agency Tracking and Compliance Support services designed to address regulatory compliance issues and tasks in a proactive and timely manner.

**Services and deliverables include the following:**

- **Agency Tracking** for ERCOT, PUCT, EPA and other relevant electric utility regulatory agencies. Tracking tasks and activities include:
  - Attend relevant meetings (in-person and/or virtually), workshops, training sessions and provide meeting summaries and issue papers/written briefs as needed;
  - Monitor agency websites and other public information sources to track current standards and requirements along with any emerging / developing regulations;
  - Review emerging issues with KPUB staff. Jointly determine whether individual issues require further monitoring, or immediate action including filing comments as needed.
- **Prepare and submit applicable reports** to PUCT, ERCOT, and other agencies as needed. SE will coordinate with KPUB SMEs to develop plans for each reporting requirement.
- **Support the development of key compliance documents** including standards-based policy and procedures and other compliance plans and documentation.
- **Conduct compliance review meeting or a one-day training session** (see attached Compliance Training for Operations Personnel (CTOP) brochure / menu).

**ASSUMPTIONS / CLARIFICATIONS**

1. SE offers a variety of training directly and / or indirectly related to compliance with ERCOT; PUCT and other regulatory agencies. Additional training modules can be provided on a “time and materials” basis (in addition to the one-day training included in the annual ATCS service).

**TERM AND COST PROPOSAL:**

SEnergy will perform services under this agreement related to the above referenced Scope of Work for a fixed fee of \$2,000 per month for the period (FY2024) October 1, 2024, through September 30, 2025.

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

PRESENTED BY



POWERED BY SCHNEIDER ENGINEERING

**PROPOSAL**  
GENERATION MODEL SUPPORT

PREPARED FOR  
KERRVILLE PUBLIC UTILITIES BOARD

OCTOBER 9, 2024

<b>CLIENT:</b>	Kerrville Public Utilities Board (KPUB)
<b>PROJECT:</b>	Generation Model Support

**SCOPE OF WORK:**

- Provide ongoing due diligence support for thermal generation analysis.

**COST ESTIMATE:**

SEnergy will perform services under this agreement related to the above referenced Scope of Work and will provide Kerrville Public Utilities Board itemized invoices for services performed. Services will be billed on an hourly/work performed basis, plus reimbursable expenses. Fees will be based on actual work performed. The estimated budget for completion of the above referenced Scope of Work is **\$25,000**, plus reimbursable expenses.

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

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

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2024

Re: Agenda Item No. 4 – Financial Report

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

Highlights include:

- **\$27K decrease in net position** for the month, **\$171K increase** in net position on a year-to-date (YTD) basis, which is \$24K better than budget.
- **\$3.1M in operating revenue** for the month, **\$6.3M** on a YTD basis.
  - Through November, operating revenue is 14.2% lower than expected due primarily to low purchased power cost as explained in the operating expense bullet below and a small kWh sales variance (2.1% lower than budget).
- **\$3.3M in operating expense** for the month, **\$6.5M** on a YTD basis.
  - YTD operating expense is 12.4% lower than budget due primarily to low purchased power expense resulting from low natural gas prices. Distribution and administration expenses are lower than budget due mostly to mutual aid costs in October that were billed to the utilities requesting aid.
- **\$168K in operating loss** for the month, **\$192K in operating loss** on a YTD basis.
- **\$97K in net nonoperating revenue** for the month, **\$197K** on a YTD basis.
  - Nonoperating revenue is \$65K better than budget for the year. The favorable performance is driven by interest income that is better than budget due to a higher than forecast investment balance as well as a lower than budget transfer to the City of Kerrville driven by lower revenues previously discussed.
- **\$20.2M in over collection of power cost adjustment** as of 11/30/2024, an **increase of \$493K** from the prior month. The billed rate remains at \$100.00 for 1,000 kWh of residential power and is now the lowest rate in our monthly survey of 28 area utilities.
- **\$50.8M invested** in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned a blended rate of 4.77% in November.

In addition to the monthly financial reports, a listing of recently sold surplus items is attached. The items are sold via an online auction site called govdeals and are reported to the Board in accordance with KPUB's Purchasing Policy.

I am happy to answer any questions regarding this report.

Sincerely,



Amy Dozier  
Assistant General Manager

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2024  
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
<b>OPERATING REVENUES:</b>							
Residential	\$ 1,633,080	\$ 1,827,317	\$ (194,238)	-10.63%	\$ 1,726,811	\$ (93,731)	-5.43%
Commercial/Industrial	1,409,161	1,510,951	(101,790)	-6.74%	1,435,464	(26,304)	-1.83%
Sales to Public Authorities	21,753	21,500	253	1.18%	21,682	71	0.33%
Other	34,829	44,829	(9,999)	-22.31%	36,200	(1,370)	-3.79%
<b>TOTAL OPERATING REVENUES</b>	<b>3,098,822</b>	<b>3,404,597</b>	<b>(305,774)</b>	<b>-8.98%</b>	<b>3,220,156</b>	<b>(121,334)</b>	<b>-3.77%</b>
<b>OPERATING EXPENSES:</b>							
Purchased Power	1,942,039	2,039,465	97,426	4.78%	2,120,337	178,298	8.41%
Distribution	373,815	398,981	25,167	6.31%	397,456	23,641	5.95%
Customer Accounts	73,886	70,195	(3,691)	-5.26%	72,372	(1,514)	-2.09%
Customer Service, Informational & Sales	35,141	52,676	17,535	33.29%	43,537	8,396	19.28%
Administrative Expenses	460,113	497,692	37,579	7.55%	467,517	7,404	1.58%
Depreciation & Amortization	381,474	387,354	5,880	1.52%	362,875	(18,599)	-5.13%
<b>TOTAL OPERATING EXPENSES</b>	<b>3,266,468</b>	<b>3,446,363</b>	<b>179,895</b>	<b>5.22%</b>	<b>3,464,095</b>	<b>197,627</b>	<b>5.70%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(167,646)</b>	<b>(41,766)</b>	<b>(125,879)</b>	<b>301.39%</b>	<b>(243,939)</b>	<b>76,293</b>	<b>-31.28%</b>
<b>NONOPERATING REVENUES (EXP):</b>							
Interest Income - Investments	203,686	183,333	20,353	11.10%	196,079	7,608	3.88%
Interest Income - City of Kerrville	10,714	10,714	(0)	0.00%	12,857	(2,143)	-16.67%
Interest Expense	(8,563)	(11,219)	2,656	-23.67%	(8,447)	(116)	1.37%
City of Kerrville - General Fund Transfer	(99,762)	(108,057)	8,295	-7.68%	(102,956)	3,194	-3.10%
City of Ingram - Franchise Fee	(2,500)	(2,766)	266	-9.61%	(2,431)	(69)	2.83%
Other - Net	(6,460)	3,250	(9,710)	-298.76%	4,099	(10,559)	-257.59%
<b>TOTAL NONOPERATING REVENUES (EXP)</b>	<b>97,117</b>	<b>75,256</b>	<b>21,860</b>	<b>29.05%</b>	<b>99,200</b>	<b>(2,084)</b>	<b>-2.10%</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>(70,529)</b>	<b>33,490</b>	<b>(104,019)</b>	<b>310.60%</b>	<b>(144,738)</b>	<b>74,209</b>	<b>-51.27%</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>43,615</b>	<b>41,667</b>	<b>1,948</b>	<b>4.68%</b>	<b>15,875</b>	<b>27,740</b>	<b>174.75%</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (26,914)</b>	<b>\$ 75,157</b>	<b>\$ (102,071)</b>	<b>135.81%</b>	<b>\$ (128,864)</b>	<b>\$ 101,950</b>	<b>79.11%</b>
<b>NET POSITION AT BEGINNING OF MONTH</b>	<b>\$ 80,790,977</b>				<b>\$ 78,485,950</b>		
<b>NET POSITION AT END OF MONTH</b>	<b>\$ 80,764,063</b>				<b>\$ 78,357,086</b>		

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended November 30, 2024  
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date	Variance	Percentage Variance	Year to Date	Variance	Percentage Variance
		Budget Amount	Favorable (Unfavorable)		Last Year Amount	Favorable (Unfavorable)	
OPERATING REVENUES:							
Residential	\$ 3,405,130	\$ 4,003,695	\$ (598,565)	-14.95%	\$ 2,872,330	\$ 532,800	18.55%
Commercial/Industrial	2,814,667	3,244,746	(430,079)	-13.25%	2,252,922	561,744	24.93%
Sales to Public Authorities	43,455	43,000	455	1.06%	43,347	108	0.25%
Other	77,584	98,220	(20,636)	-21.01%	77,478	106	0.14%
<b>TOTAL OPERATING REVENUES</b>	<b>6,340,836</b>	<b>7,389,661</b>	<b>(1,048,826)</b>	<b>-14.19%</b>	<b>5,246,077</b>	<b>1,094,758</b>	<b>20.87%</b>
OPERATING EXPENSES:							
Purchased Power	3,919,812	4,515,929	596,117	13.20%	2,994,244	(925,568)	-30.91%
Distribution	634,410	797,962	163,553	20.50%	659,266	24,856	3.77%
Customer Accounts	146,850	140,390	(6,460)	-4.60%	100,986	(45,865)	-45.42%
Customer Service, Informational & Sales	85,657	105,352	19,695	18.69%	105,489	19,833	18.80%
Administrative Expenses	987,436	1,124,133	136,698	12.16%	916,575	(70,860)	-7.73%
Depreciation & Amortization	758,943	773,708	14,765	1.91%	721,209	(37,734)	-5.23%
<b>TOTAL OPERATING EXPENSES</b>	<b>6,533,107</b>	<b>7,457,475</b>	<b>924,368</b>	<b>12.40%</b>	<b>5,497,769</b>	<b>(1,035,338)</b>	<b>-18.83%</b>
OPERATING INCOME (LOSS)	(192,272)	(67,814)	(124,458)	183.53%	(251,692)	59,420	-23.61%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	418,522	366,667	51,855	14.14%	390,538	27,984	7.17%
Interest Income - City of Kerrville	21,429	21,429	(0)	0.00%	25,714	(4,286)	-16.67%
Interest Expense	(19,206)	(23,666)	4,459	-18.84%	(17,998)	(1,208)	6.71%
City of Kerrville - General Fund Transfer	(203,655)	(233,528)	29,872	-12.79%	(169,894)	(33,762)	19.87%
City of Ingram - Franchise Fee	(5,333)	(6,059)	727	-11.99%	(5,565)	232	-4.17%
Other - Net	(14,968)	6,500	(21,468)	-330.28%	2,116	(17,084)	-807.54%
<b>TOTAL NONOPERATING REVENUES (EXP)</b>	<b>196,788</b>	<b>131,342</b>	<b>65,445</b>	<b>49.83%</b>	<b>224,911</b>	<b>(28,123)</b>	<b>-12.50%</b>
INCOME BEFORE CONTRIBUTIONS	4,517	63,528	(59,013)	-92.89%	(26,781)	31,297	-116.86%
CAPITAL CONTRIBUTIONS	166,825	83,333	83,492	100.19%	49,726	117,099	235.49%
CHANGE IN NET POSITION	\$ 171,342	\$ 146,862	\$ 24,479	16.67%	\$ 22,945	\$ 148,396	646.74%
NET POSITION AT BEGINNING OF YEAR	\$ 80,592,721				\$ 78,334,141		
NET POSITION AT END OF MONTH	\$ 80,764,063				\$ 78,357,086		

Kerrville Public Utility Board  
Balance Sheet  
As of November 30, 2024

ASSETS & DEFERRED OUTFLOWS	November 30, 2024	September 30, 2024	LIABILITIES, DEFERRED INFLOWS & NET POSITION	November 30, 2024	September 30, 2024
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Revenue Fund:			Current Maturities of Long-Term Liabilities	\$ 812,655	\$ 770,063
Cash and Cash Equivalents	\$ 172,387	\$ 399,285	Accounts Payable - Purchased Power	10,595,055	9,944,112
Investments	39,199,515	37,482,858	Accounts Payable and Accrued Liabilities	1,048,188	1,396,696
Less: Customer Deposits	(526,067)	(537,816)	Over Collection of Power Cost Adjustment	20,197,114	18,865,662
Total Revenue Fund	<u>38,845,835</u>	<u>37,344,328</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 32,653,011</u>	<u>\$ 30,976,533</u>
Construction Fund:			<b>NONCURRENT LIABILITIES</b>		
Cash and Cash Equivalents	5,725	5,681	2013 Revenue Bonds, net of current portion	\$ 1,501,000	\$ 1,965,000
Investments	1,625,834	1,612,773	Lease Liability	45,522	48,042
Total Construction Fund	<u>1,631,559</u>	<u>1,618,454</u>	Subscription Liability	687,023	733,880
Rate Stabilization Fund:			Customer Deposits	526,067	537,816
Investments	2,139,592	2,122,404	Net Pension Liability	2,715,291	2,715,291
Total Rate Stabilization Fund	<u>2,139,592</u>	<u>2,122,404</u>	Total OPEB Liability	<u>281,043</u>	<u>281,043</u>
Long Term Rate Stabilization Fund:			<b>TOTAL NONCURRENT LIABILITIES</b>	<u>\$ 5,755,946</u>	<u>\$ 6,281,072</u>
Investments	3,833,420	3,802,625	<b>DEFERRED INFLOWS - PENSION AND OPEB</b>	<u>\$ 226,425</u>	<u>\$ 226,425</u>
Total Rate Stabilization Fund	<u>3,833,420</u>	<u>3,802,625</u>	<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>\$ 38,635,381</u>	<u>\$ 37,484,030</u>
Customer Accounts Receivable, net of allowance	2,726,904	2,232,727	<b>TOTAL NET POSITION</b>	<u>\$ 80,764,063</u>	<u>\$ 80,592,721</u>
Unbilled Revenue	2,244,875	2,244,875			
Materials and Supplies	1,206,554	1,203,625			
Other Current Assets	1,447,475	1,416,738			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 55,147,643</u>	<u>\$ 53,057,204</u>			
<b>NONCURRENT ASSETS</b>					
Customer Deposits	\$ 526,067	\$ 537,816			
Interest and Sinking Fund	44,930	435,292			
Emergency, Repair, Replace, Contingency Fund	4,000,565	3,968,427			
Advance to City of Kerrville, net of current portion	4,285,715	4,285,715			
Capital Assets, net of Accum Depreciation	52,242,621	52,686,916			
Right to Use Assets, Net of Accum Amortization	58,593	61,318			
Subscription Assets, Net of Accum Amortization	1,271,136	1,221,889			
<b>TOTAL NONCURRENT ASSETS</b>	<u>\$ 62,429,627</u>	<u>\$ 63,197,373</u>			
<b>DEFERRED OUTFLOWS - PENSION AND OPEB</b>	<u>\$ 1,822,175</u>	<u>\$ 1,822,175</u>			
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 119,399,444</u>	<u>\$ 118,076,751</u>	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<u>\$ 119,399,444</u>	<u>\$ 118,076,751</u>



Kerrville Public Utility Board  
Invested Funds Detail  
For the Month Ended November 30, 2024

Restricted

	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Beginning Fund Balance		\$ 38,609,432	\$ 1,619,490	\$ 2,131,244	\$ 3,818,463	\$ -	\$ -	\$ 3,984,956	\$ 50,163,585
Withdrawals:									
Happy Investment - TXHB	11/01/24	(92,442)							(92,442)
Happy Investment - TMRS	11/04/24	(127,302)							(127,302)
Happy Investment - ERCOT	11/14/24	(7)							(7)
Happy Investment - ERCOT	11/14/24	(49)							(49)
Happy Investment - Title Company	11/14/24	(10,000)							(10,000)
Happy Investment - NextEra	11/19/24	(485,088)							(485,088)
Happy Investment - Concho Bluff	11/21/24	(102,195)							(102,195)
Happy Investment - CPS	11/22/24	(632,203)							(632,203)
Happy Investment - DG Solar	11/26/24	(52,547)							(52,547)
Happy Investment - Engie	11/29/24	(87,409)							(87,409)
Happy Investment - Garland	11/29/24	(2,225)							(2,225)
Investments:									
Happy State Bank	11/07/24	500,000							500,000
Happy State Bank	11/22/24	700,000							700,000
Happy State Bank	11/27/24	600,000							600,000
Happy State Bank	11/29/24	275,000							275,000
Fund Balance after Withdrawals & Investments		39,092,965	1,619,490	2,131,244	3,818,463	-	-	3,984,956	50,647,119
Allocation of:									
Interest Income	11/30/24	151,474	6,344	8,348	14,957	-	6	15,609	196,738
Total Interest Allocation		151,474	6,344	8,348	14,957	-	6	15,609	196,738
Fund Balance After Allocations		39,244,439	1,625,834	2,139,592	3,833,420	-	6	4,000,565	50,843,856
Interfund Transfers :									
Debt Service Accrual	11/30/24	(44,924)					44,924		-
Ending Fund Balance		\$ 39,199,515	\$ 1,625,834	\$ 2,139,592	\$ 3,833,420	\$ -	\$ 44,930	\$ 4,000,565	\$ 50,843,856

Kerrville Public Utility Board  
 Computation of the Monthly and Annual Debt Service Coverage  
 For the Month Ended November 30, 2024

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ (26,914)	\$ 171,342	\$ 2,406,976
PLUS:			
Interest Expense (net of amortizations)	8,563	19,206	138,633
Depreciation & Amortization Expense	<u>381,474</u>	<u>758,943</u>	<u>4,481,027</u>
Numerator	<u>363,123</u>	<u>949,491</u>	<u>7,026,636</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	8,563	19,206	138,633
Principal Payment Due	<u>65,505</u>	<u>131,011</u>	<u>786,063</u>
Denominator	<u>\$ 74,068</u>	<u>\$ 150,217</u>	<u>\$ 924,696</u>
DEBT SERVICE COVERAGE RATIO	<u><u>4.90</u></u>	<u><u>6.32</u></u>	<u><u>7.60</u></u>
Minimum Requirement per Bond Covenant		1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices		1.65	times Debt Service

Kerrville Public Utility Board  
Surplus Items Sold Report  
November 2023 to December2024

Description	Category	Buyer	Starting Bid	Sold Amount	Auction Bids	End Date	Daid Paid
1 Bundle of Motorola radios and accessories	Public Safety and Control	Jennifer Carrillo	\$ 1.00	\$ 222.00	26	11/04/23	11/20/23
2 Used projector, receiver and screen	Audio/Visual Equipment	Dennis Brennan	20.00	30.00	6	11/04/23	12/08/23
3 Samsung 55 inch flat screen TV (2013)	Televisions	Noe Cobos	10.00	12.00	2	11/16/23	12/08/23
4 Designhouse Double Bowl Vanity Top White	Plumbing Equipment and Supplies	Edwin Jarvis	10.00	32.00	7	11/16/23	05/10/24
5 Box closing staples	Packaging, Bottling, Converting	Kent Copley	10.00	12.00	2	05/15/24	05/24/24
6 Used outdoor security lights (2)	Lighting/Fixtures	Steve Whittley	10.00	22.00	5	05/30/24	06/14/24
7 Lapco Men's FR long sleeve henley XL Long	Clothing, Jewelry, and Accessories	roman empire	20.00	20.00	1	10/14/24	10/31/24
8 Lapco Men's FR long sleeve henley Large Long	Clothing, Jewelry, and Accessories	Carlos Paredes	20.00	22.00	2	10/14/24	10/31/24
9 Wrangler FR Jeans 36 x 34 **3 pair**	Clothing, Jewelry, and Accessories	roman empire	60.00	70.00	5	10/14/24	10/31/24
10 Lapco FR denim jeans 36 x 34	Clothing, Jewelry, and Accessories	roman empire	20.00	20.00	1	10/14/24	10/31/24
11 Lapco FR denim jeans 38 x 34	Clothing, Jewelry, and Accessories	Carlos Paredes	20.00	20.00	1	10/14/24	10/31/24
12 Ariat FR jeans 33 x 32 ***3 pair***	Clothing, Jewelry, and Accessories	Carlos Paredes	20.00	27.00	5	10/14/24	10/31/24
13 Ariat FR jeans 34 x 32 ***2 pair***	Clothing, Jewelry, and Accessories	Carlos Paredes	20.00	27.00	5	10/14/24	10/31/24
14 Ariat FR jeans 32 x 32	Clothing, Jewelry, and Accessories	Carlos Paredes	10.00	10.00	1	10/14/24	10/31/24
15 Wrangler FR jeans 33 x 34 ***2 pair***	Clothing, Jewelry, and Accessories	roman empire	20.00	20.00	1	10/14/24	10/31/24
16 Wrangler FR jeans 34 x 32	Clothing, Jewelry, and Accessories	roman empire	20.00	23.00	3	10/14/24	10/31/24
17 Amana refrigerator bottom freezer	Appliances and Furniture	Nathan Weyel	50.00	127.00	11	11/13/24	11/27/24
18 General Electric refrigerator top freezer	Appliances and Furniture	Ram Sandate	10.00	35.00	9	11/13/24	11/27/24
19 Lot of 3 Stihl MS 250 chainsaws	Industrial Equipment, General	Mike OLeary	50.00	102.00	14	12/02/24	not yet received
TOTAL			<u>\$ 401.00</u>	<u>\$ 853.00</u>			

# MEMORANDUM

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

From: Amy Dozier

Date: December 11, 2024

Re: Agenda Item No. 5 – Resolution No. 24-22 (KPUB) and  
Resolution No. 24-05 (KPFC)

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Resolution No. 24-22 (KPUB), Resolution 24-05 (KPFC) and a Memorandum of Understanding are attached for your consideration.

These documents were prepared by Norton Rose Fulbright to memorialize KPUB's intent to be reimbursed from the proceeds of debt obligations for certain project related expenditures paid by KPUB on behalf of KPFC. In addition, the Memorandum of Understanding is a related agreement regarding administrative services and other matters to be performed by KPUB for KPFC's benefit related to the construction of an electric power supply facility.

Staff recommends approval of Resolution No. 24-22 by the KPUB Board and approval of Resolution No. 24-05 by the KPFC Board.

Sincerely,



Amy Dozier  
Assistant General Manager

## RESOLUTION NO. 24-22

**CONSIDERATION AND APPROVAL OF A RESOLUTION RELATING TO ESTABLISHING THE KERRVILLE PUBLIC UTILITY BOARD'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAXABLE AND TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION FOR AUTHORIZED PURPOSES; AUTHORIZING NEGOTIATION AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING REGARDING ADMINISTRATIVE SERVICES AND OTHER MATTERS RELATED TO THE CORPORATION'S DEVELOPMENT AND CONSTRUCTION OF AN ELECTRIC POWER SUPPLY FACILITY; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the Kerrville Public Utility Board ("*Utility Board*") and/or Kerrville Public Utility Board Public Facility Corporation (the "*Issuer*") has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with (i) acquiring, purchasing, constructing, improving, extending, enlarging, and repairing an electric power supply facility to benefit the City of Kerrville, Texas's electric, light, and power system (the "*KPUB System*"), as such facility may be from time to time constructed, improved, maintained, and/or operated by the Issuer (the "*Construction Costs*"), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the "*Engineering Costs*"), (iii) the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the "*Architectural Costs*"), and (iv) the payment of various administrative costs, including the fees of bond counsel, financial advisor, project manager, project consultant, other professionals, and bond printer (the "*Administrative Costs*") (the Construction Costs, the Engineering Costs, the Architectural Costs, and the Administrative Costs collectively constitute the costs of the Issuer's projects that are the subject of this Resolution (the "*Project*")); and

WHEREAS, the provisions of Section 1201.042, as amended, Texas Government Code ("*Section 1201.042*") provide that the proceeds from the sale of obligations issued to finance the Project may be used to reimburse the costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the "*Department*") released Regulation Section 1.150-2 (the "*Regulations*") which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, the Utility Board reasonably expects to reimburse itself within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of taxable and tax-

exempt obligations (the “*Obligations*”) that the Issuer currently contemplates issuing in the aggregate principal amount of approximately \$150,000,000 to finance a portion of the costs of the Project for the benefit of and on behalf of the Utility Board and KPUB System; and

WHEREAS, in order to facilitate the Issuer’s ability to implement the Project for the benefit of the KPUB System, it will be necessary and convenient for the Utility Board to pay prior to the issuance of the Obligations on behalf of the Issuer certain costs and expenses related to the Project in expectation of reimbursement by the Issuer upon the issuance of the Obligations; and

WHEREAS, in order to facilitate the Issuer’s ability to implement the Project for the benefit of the KPUB System, it will be necessary and desirable for staff members of the Utility Board to perform certain administrative services on behalf of the Issuer; and

WHEREAS, in order for the Utility Board to be able to pay such costs on behalf of the Issuer and for the Utility Board’s staff members to perform such administrative services on behalf of the Issuer in order for the Issuer to implement the Project for the benefit of the KPUB System, it is necessary and desirable that the Issuer and the Utility Board enter into a memorandum of understanding with respect to the implementation of the Project; and

WHEREAS, the Utility Board hereby finds and determines that the adoption of this Resolution is in the best interests of the KPUB System and the residents of the City of Kerrville, Texas; now, therefore,

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

SECTION 1: This Resolution is a declaration of intent, to the extent applicable, to establish the Utility Board’s reasonable, official intent under section 1.150-2 of the Regulations and Section 1201.042 to be reimbursed by the Issuer from certain of the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) or to be incurred with respect to the Project from the Issuer’s General Fund or other lawfully available funds of the Issuer.

SECTION 2: The Utility Board expects that the Issuer will issue the Obligations and allocate within 30 days after the date of issuance of the Obligations the proceeds therefrom to reimburse the Utility Board for prior lawful expenditures made on behalf of the Issuer with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The Utility Board expects the expenditure to be reimbursed by the Issuer will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

SECTION 4: The Utility Board will and expects that the Issuer will otherwise comply, in addition to those matters addressed within this Resolution and in the Resolution of the Board of Directors of the Issuer adopted on September 24, 2024, with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Utility Board with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations, to the extent applicable, allocated to reimburse the Utility Board for prior expenditures made on behalf of the Issuer, the Utility Board shall not employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of “replacement proceeds”, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issue of tax-exempt obligations.

SECTION 7: The Utility Board hereby approves the memorandum of understanding, in substantially the form attached hereto as Exhibit A (the “*Memorandum of Understanding*”), and authorizes and directs the Chairman of the Utility Board or the Chief Executive Officer and General Manager to enter into the Memorandum of Understanding with the Issuer, with such modifications as the Chairman of the Utility Board or the Chief Executive Officer and General Manager shall determine to be reasonably necessary to implement the purposes described in this Resolution; provided, however, in no event shall the expenditures to be made by the Utility Board on behalf of the Issuer exceed in aggregate 105% of the amount set forth in Schedule 1 of the Memorandum of Understanding.

SECTION 8: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Utility Board.

SECTION 9: All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 10: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 11: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Utility Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 12: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 13: This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

*[The remainder of this page intentionally left blank]*

PASSED, ADOPTED AND APPROVED on this the \_\_\_\_ day of \_\_\_\_\_, 2024.

KERRVILLE PUBLIC UTILITY BOARD

\_\_\_\_\_  
Larry Howard, Chairman

ATTEST:

\_\_\_\_\_  
Glenn Andrew, Secretary

(SEAL)



**Exhibit A**

**FORM OF MEMORANDUM OF UNDERSTANDING**

**[Please See Attached]**

## RESOLUTION NO. 24-05

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION AUTHORIZING THE CORPORATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE KERRVILLE PUBLIC UTILITY BOARD TO FACILITATE THE CONSTRUCTION OF A POWER GENERATION PROJECT

WHEREAS, the City Council of the City of Kerrville, Texas (the “City”) authorized and approved the creation of the Kerrville Public Utility Board Public Facility Corporation (the “Corporation”) under Chapter 303, as amended, Texas Local Government Code (the “Act”), for the for the purpose of financing or providing for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of “public facilities” (as defined in the “Act”), including electric power supply facilities to be devoted to public use by the City’s electric, light and power system (the “System”), as managed by the Kerrville Public Utility Board (“KPUB”) in an orderly, planned manner and at the lowest possible costs (collectively, the “Public Purposes”); and

WHEREAS, the Corporation’s Board of Directors (the “Board”) has determined that it is in the public interest and to the benefit of the City’s residents that it continue to work towards the construction of a Gas-Fired Reciprocating Internal Combustion Engine (RICE) Facility Project (the “Project”), as further described in Exhibit A of this Resolution, in order to effectuate the Public Purposes in a timely and cost effective manner; and

WHEREAS, the Corporation expects to require certain services to be performed and expects to incur certain costs in connection with the development and construction of the Project prior to the availability proceeds from its expected issuance of taxable and tax-exempt obligations (the “Obligations”); and

WHEREAS, the Corporation currently has no staff or facilities and, prior to the issuance of the Obligations, no funds with which to pay for costs necessary for it to work towards completion of the Project; and

WHEREAS, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the System and the residents of the City;

NOW, THEREFORE, BE IT RESOLVED BY BOARD OF DIRECTORS OF KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION:

SECTION 1. The Corporation hereby approves the memorandum of understanding, in substantially the form attached hereto as Exhibit B (the “Memorandum of Understanding”), and authorizes and directs the Chairman of the Board of the Corporation or the Executive Director of the Corporation to enter into the Memorandum of Understanding with KPUB, with such modifications as the Chairman of the Corporation or the Executive Director of the Corporation shall determine to be reasonably necessary to implement the purposes described in this Resolution; provided, however, such modifications may not result in the Corporation incurring any costs, expenses or liabilities that exceed in aggregate 105% of the amount set forth in Schedule 1 of the Memorandum of Understanding.

SECTION 2. The Board hereby authorizes the Corporation to incur the expenses described in Schedule 1 of the Memorandum of Understanding to facilitate the Project.

SECTION 3. All prior acts of the Executive Director and his designees in support of the purposes authorized by this Resolution and contemplated by the Memorandum of Understanding are hereby confirmed and ratified by the Board.

SECTION 4. This Resolution shall be construed and enforced in accordance with the laws of the State and the United States of America.

SECTION 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was, open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code and in accordance with the Corporation's Bylaws.

SECTION 7. This Resolution shall become effective immediately upon passage by the Board.

\* \* \*

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2024

KERRVILLE PUBLIC UTILITY BOARD  
PUBLIC FACILITY CORPORATION

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(CORPORATION SEAL)

## EXHIBIT A

### PROJECT DESCRIPTION

The generation project contemplated is a new simple cycle natural gas peaking facility with a nominal generating capacity of 122 MW to be located outside the Utility Board service area, near natural gas supply and with an ERCOT interconnection. The facility will utilize fast start natural gas-fired reciprocating internal combustion engines capable of reaching full load in less than 10 minutes. The facility is projected to reach commercial operation on or around June 1, 2027.

EXHIBIT B  
MEMORANDUM OF UNDERSTANDING

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this “MOU”), dated as of December [\_\_\_], 2024 (the “Effective Date”), is made and entered into by and between the Kerrville Public Utility Board Public Facility Corporation (the “Corporation”), a public corporation, constituted authority, and instrumentality of the City of Kerrville, Texas (the “City”), created by the City pursuant to the provisions of Chapter 303, as amended, Texas Local Government Code (the “PFC Act”), and the Kerrville Public Utility Board (the “Utility Board”), the board of trustees vested by the City, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code and certain ordinances previously passed by the City Council of the City, with complete management and control of the City’s electric light and power system (the “System”).

### RECITALS

A. Pursuant to a resolution of the City Council of the City, captioned, Resolution No. 28-2024, dated June 25, 2024, the City Council authorized the creation of the Corporation to facilitate the financing, refinancing, or providing, owning and operating public facilities, as defined in the PFC Act, including electric power supply facilities to be devoted to public use by KPUB as part of the System.

B. Pursuant to a resolution of the Board of Directors of the Corporation dated September 24, 2024 (the “Corporation Reimbursement Resolution”), the Corporation expects to reimburse itself for the prior lawful expenditure of funds from the proceeds of taxable and tax-exempt obligations to be issued by the Corporation (the “Obligations”) for the purpose of constructing an electric power supply facility (the “Project”) as described in Exhibit A attached hereto.

C. The Corporation currently has no staff or facilities and, prior to the issuance of the Obligations, no funds with which to pay for costs necessary to complete the Project no later than June 1, 2027 (the “Projected Project Completion Date”).

D. Pursuant to a resolution of the Corporation dated December [\_\_\_], 2024, the Corporation expects to require certain services to be performed and expects to incur certain costs in connection with the development and construction of the Project prior to the availability of proceeds from the Obligations and has authorized the Corporation to enter into this MOU.

E. Pursuant to a resolution of the Utility Board dated December [\_\_\_], 2024 (the “Utility Board Reimbursement Resolution”), the Board of Trustees of the Utility Board, in order to facilitate the construction of the Project for the benefit of the System, has expended and expects to continue to expend moneys on behalf of the Corporation, expects such expenditures to be reimbursed by the Corporation upon the issuance of the Obligations, and has authorized the Utility Board to enter into this MOU.

F. The Corporation and the Utility Board believe, respectively, it is in the best interest of the Corporation and the Utility Board for the Corporation to engage the Utility Board to provide the administrative and support services necessary for the Corporation to issue and sell the Obligations, to facilitate the negotiation and implementation of agreements necessary to proceed

with the construction of the Project, and to expend funds in connection with the Project for the benefit of the System.

E. The Utility Board is willing to provide the Services (as defined herein) on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows in this MOU:

## **ARTICLE I. SERVICES**

1.1 *Provide Services.* The Utility Board shall, during the term of this MOU, provide the Services to the Corporation.

1.2 *Scope of Services.* The Services shall include, without limitation, the following:

(a) Coordinate with the Corporation, the City, legal counsel, financial advisors, project consultants and engineers to facilitate the construction of the Project in accordance with agreements executed by the Corporation and such parties;

(b) Participate in meetings relating to the issuance of the Obligations and construction of the Project;

(c) Participate in the preparation and negotiation of documents relating to the issuance of the Obligations and construction and management of the Project, as determined to be necessary by the Corporation;

(d) Assist the Corporation in establishing one or more accounts in the name of the Corporation with such financial institution(s) as may be designated by the Corporation, prepare invoices for, receive, and deposit funds of the Corporation into such accounts, as well as to receive invoices and pay expenses of the Corporation from such accounts;

(e) Prepare and file, on behalf of the Corporation, all pre-issuance and post-issuance filings and reports required under to facilitate and complete construction of the Project, issuance of the Obligations, or otherwise relating to the Project and use of its electric power output;

(f) Assist in all other matters incidental to the issuance and administration of the Obligations and agreements executed in connection therewith to which the Corporation is a party;

(g) Provide, on behalf of the Corporation, information relating to the Project to the City and the City Council;

(h) Prepare and post open meeting agendas on behalf of the Corporation, and provide facilities and ancillary resources required to conduct meetings of the Corporation's Board of Directors in compliance with the Texas Open Meetings Act, Chapter 551, Texas Government Code;



- (i) Maintain the Corporation’s business and corporate records;
- (j) Provide necessary accounting and other professional services and provide recommendations in hiring and approving an independent accountant, or other professionals, as necessary;
- (k) Participate in the preparation and negotiation of contracts for other goods and services as the Corporation determines is necessary or advisable;
- (l) Expend funds to satisfy payment obligations of the Corporation incurred by the Corporation in connection with the Project as described in Schedule 1 attached hereto (“Payments on Behalf of the Corporation”) and coordinate payment of all Corporation financial obligations; and
- (m) Perform any and all other administrative, professional, and support services that are requested by the Corporation.

1.4 *Employees.* The Utility Board’s employees providing the Services shall at all times remain the employees of the Utility Board (and not of the Corporation) and be subject to the direction and control of the Utility Board consistent with the Utility Board’s personnel policies and procedures.

1.5 *Relationship.* Except to the extent specifically set forth in this MOU, this MOU does not establish any party as an agent, partner, joint venturer, employee, servant, or legal representative of any other party hereto for any purpose and no party has the right to bind any other party in any way.

1.6 *Taxes.* The Utility Board is and shall remain responsible for all federal and state taxes, as applicable, with respect to its employees providing the Services.

## **ARTICLE II. TERM**

2.1 *Term.* The initial term of this MOU shall begin on the Effective Date and end on the Projected Project Completion Date.

2.2 *Mutual Termination.* This MOU may be terminated at any time upon the mutual agreement of the parties hereto.

## **ARTICLE III. AUTHORIZATION**

3.1 *Delegation to Utility Board General Manager.* The Corporation delegates to the Utility Board’s Chief Executive Officer and General Manger (the “General Manager”) the authority to, when such action by the Corporation is approved by the Board of Directors of the Corporation: (a) establish bank accounts in the name of the Corporation; (b) make payments from

such accounts to satisfy financial obligations of the Corporation; (c) prepare, execute, and file any of the Corporation's tax returns as may be required under state or federal law; and (d) take any and all administrative action on behalf of the Corporation to enter into contracts for goods and services in accordance with the Corporation's annual budget.

**ARTICLE IV.  
REIMBURSEMENT; NO ADDITIONAL COMPENSATION**

4.1 *Invoices for Reimbursement; Reimbursement.* The Utility Board shall maintain and submit to the Corporation monthly invoices for Payments on Behalf of the Corporation, which amounts shall be reimbursed by the Corporation upon the availability of proceeds of the Obligations. The Utility Board and the Corporation agree that no such reimbursement shall be required until proceeds of the Obligations have been received by the Corporation.

4.2 *No Additional Compensation.* The Utility Board and the Corporation understand and agree that the Utility Board is providing the Services in order to facilitate the construction of the Project by the Corporation for the benefit of the Utility Board's System and, accordingly, that other than as provided in this MOU the Utility Board shall not seek or be entitled to receive compensation from the Corporation for the Services.

**ARTICLE V.  
MISCELLANEOUS**

5.1 *Further Assurances.* The parties hereto agree, upon the reasonable request of either party, to execute, acknowledge and deliver any and all such further instruments, and to do and perform any and all such other acts as may be necessary or appropriate in order to carry out the intent and purposes of this MOU.

5.2 *Waivers or Modifications.* No modification, or cancellation of any term or condition of this MOU shall be effective unless executed in writing by the Corporation and the Utility Board.

5.3 *Severability.* If any provision of this MOU is held to be illegal, invalid, or any party to this MOU shall determine that cannot lawfully carry out its duties as described in any provision of this MOU or that such party cannot carry out any provision of this MOU without violating or defaulting under an existing agreement to which either the Corporation or the Utility Board is a party, such provision will be fully severable, shall be deemed not to constitute a provision of this MOU and this MOU will be construed by the Corporation and the Utility Board as if such illegal, invalid, or unenforceable provision never comprised a part hereof; and the remaining provisions hereof will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as part of this MOU a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid, and enforceable.

5.4 *Counterparts.* This MOU may be executed in one or more counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

5.5 *Amendments.* No amendment or modification of this MOU shall be valid or binding unless made in writing and duly executed by each of the parties hereto.

5.6 *Utility Board's Liability.* Except as otherwise provided herein, the Utility Board assumes no liability, other than to provide the Services, and neither the Utility Board nor any of its directors, officers, or employees shall be responsible for any action of the Corporation or any of the directors, officers, employees, or affiliates of the Corporation. The Utility Board shall not be liable for, nor shall it have any obligation with regard to, any of the liabilities, whether direct, indirect, absolute, or contingent of the Corporation or any of the directors, officers, or employees of the Corporation.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by their duly authorized representatives as of the Effective Date.

**KERRVILLE PUBLIC UTILITY BOARD**

By: \_\_\_\_\_  
Name:  
Title:

**KERRVILLE PUBLIC UTILITY BOARD  
PUBLIC FACILITY CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

## **EXHIBIT A**

### Description of Project

The generation project contemplated is a new simple cycle natural gas peaking facility with a nominal generating capacity of 122 MW to be located outside the Utility Board service area, near natural gas supply and with an ERCOT interconnection. The facility will utilize fast start natural gas-fired reciprocating internal combustion engines capable of reaching full load in less than 10 minutes. The facility is projected to reach commercial operation on or around June 1, 2027.

**SCHEDULE 1**

**ESTIMATED PAYMENTS OF BEHALF OF THE CORPORATION**

Professional Services	2,023,000
Permitting and Land	2,233,000
Equipment	<u>17,000,000</u>
<b>TOTAL ESTIMATE</b>	<b>\$21,256,000</b>