CITY OF HUTTO, TEXAS
REGULAR CITY COUNCIL MEETING
Thursday, February 27, 2020 AT 5:00 PM
CITY HALL - CITY COUNCIL CHAMBERS
500 WEST LIVE OAK

CITY COUNCIL
Doug Gaul, Mayor
Tom Hines, Place 2, Mayor Pro-tem
Scott Rose, Place 1
Mike Snyder, Place 3
Peter Gordon, Place 4
Patti Martinez, Place 5
Tanner Rose, Place 6

AGENDA

Page

1. CALL SESSION TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. WORK SESSION
   A work session is conducted for information and education purposes. No action is taken by Council on items listed.
   4.A. Work Session regarding current tax revenues, exemptions, and potential legislative impact to the definition of a digital tax. Speakers include Larry Gaddes, Williamson County Tax Assessor/Collector; Michel Sorrell, City of Hutto CFO/ACM; Jennifer Burrington, City of Hutto Economic Development Specialist; Larry Gonzales, Consultant and former State Representative.
5. CITY COUNCIL COMMENTS
   Pursuant to Texas Government Code Sec. 551.0415, a member of the governance body may make an announcement about items of community interest during a meeting of the governing body without given notice of the subject of the announcement. Items of Community Interests include: (1) expressions of thanks, congratulations, or condolence; (2) information regarding holiday schedule; (3) an honorary or salutary recognition of public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition of the subdivision; (4) a reminder regarding social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the political subdivision; and (5) announcements involving imminent threat to the public health and safety of people in the political subdivision that has arisen after the posting of the agenda.
   5.A. General Comments from City Council
6. PROCLAMATIONS
7. PUBLIC COMMENT
   Any citizen wishing to speak during public comment may do so after completing the

required registration form.

In accordance with the Texas Attorney General's Opinion, any public comment that is made on an item that is not on the published final agenda will only be heard by the City Council.

No formal action, discussion, deliberation, or comment will be made by the City Council. Comments must be courteous and respectful. Each person providing public comment will be limited to 3 minutes.

8. CITY MANAGER COMMENTS

9. CONSENT AGENDA ITEMS

9.A. Consideration and possible action to approve the January 16 and January 23 Regular City Council minutes. (Stacy Schmitt) 3 - 19

Regular City Council - 16 Jan 2020 FINAL
2020-01-23 City Council Minutes

10. RESOLUTIONS

10.A. Consideration and possible action on a resolution approving the 2019 Co-Op District Tax Increment Reinvestment Zone (TIRZ) Annual Project and Financing Report (Michel Sorrell). 20 - 87

Agenda Item Report - AIR-20-082 - Pdf
02.27.2020_Resolution
TIRZ Project and Financing Plan_Approved Dec. 2018
2019 Tax Increment Financing Reinvestment Zone Project and Financing Report

11. OTHER BUSINESS

11.A. Update, discussion and possible action on City Legal Services and City Attorney (Charles Daniels, Stacy Schmitt)

11.B. Consideration and possible appointments to City Boards and Commissions, City Council Liaisons, and Wilco Health District. (Stacy Schmitt)

11.C. Interviews for City Manager search firms and selection of firm to engage with to conduct the search (Allison Hosgood)

12. EXECUTIVE SESSION

The City Council for the City of Hutto reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above as authorized by the Texas Government Code Sections 551.071 [Litigation/Consultation with Attorney], 551.072 [Deliberations regarding real property], 551.073 [Deliberations regarding gifts and donations], 551.074 [Deliberations regarding personnel matters] or 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and 551.087 [Deliberations regarding Economic Development negotiations].

12.A. Consideration and Possible Action from Executive Session

13. ADJOURNMENT

CITY OF HUTTO, TEXAS
CITY COUNCIL
MEETING MINUTES
JANUARY 16, 2020

A Regular Meeting of the City Council of Hutto, Texas was held on the 16th day of January 2020, in the Council Chambers at City Hall, 500 W. Live Oak, Hutto, TX 78634, for which proper notice was given.

CALL SESSION TO ORDER

With a quorum of the members present, Mayor Gaul called the session to order at 7:00 p.m.

ROLL CALL

Members of the City Council present were Mayor Doug Gaul, Mayor Pro-tem Tom Hines, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez and Councilmember Tanner Rose.

Members of staff that were present were Charles W. Daniels, Interim City Manager; Byron Frankland, Assistant City Manager; Paul Hall, Chief of Police; Ashley Lumpkin, Executive Director Infrastructure & Development Services; Jessica Bullock, Director of Economic Development; Ashby Grundman, Development Servicers; Stacy Schmitt, Assistant to the City Manager and Appointed City Secretary; Donna Simmons, Director of Communications; Jennifer Atkinson, Communications Specialist; Tony Host, Parks and Recreation; and Jeff White, Parks and Recreation.

INVOCATION
Invocation was given by Byron Frankland, Assistant City Manager.

CITY COUNCIL COMMENTS

Charles Daniels, Interim City Manager recommended that items 10B, 10C, 10D, 11B, and 12A be tabled to the January 23, 2020 meeting.

MOTION: A motion was made by Mayor Pro Tem Hines to table these items to the January 23rd meeting. Councilmember Gordon seconded the motion.

VOTE: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez

Councilmember Tanner Rose

ACTION: The motion carried unanimously by 7 Ayes to 0 Nay.

PUBLIC COMMENTS
Comments were received from the following:

Lauren McAndrews, with Opportunities for WBC, extended an invite to the Community Forum/Focus Group Meeting on February 4th from 10 am to 12 noon, lunch to be provided. The group will discuss the needs within the community.

Ed Pride, 101 Cottonwood Dr., regarding a cap on senior citizens property tax rates at the current rate. Seniors are affected by increasing property appraisals, rate increases. Suggested that this be placed on the May ballot and allow the citizens to vote.

Paul Martin, 115 Beuscher Cove, regarding tax breaks, and citizens should show respect for the mayor and council.

Robin Sutton, 505 East, regarding investigations in the City Manager's office and accountability in leadership and management of the City.

7. EXECUTIVE SESSION

The City Council for the City of Hutto reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed above as authorized by the Texas Government Code Sections 551.071 *Litigation/Consultation with Attorney*, 551.072 *Deliberations regarding real property*, 551.073 *Deliberations regarding gifts and donations*, 551.*074 Deliberations regarding personnel matters,* 551.076 *Deliberations regarding deployment/implementation of security personnel or devices* and 551.087 *Deliberations regarding Economic Development negotiations*.

Comments from Robin Sutton: Most of the citizens know what is going on even though there is confidentiality in Executive Sessions. There should be accountability to the citizens.

7.A Executive Session as authorized by Texas Government Code Section 551.017, Consultation with Attorney and Texas Government Code Section 551.074, regarding personnel matters, including but not limited to former City Manager, and potential litigation as well as deliberations regarding personnel matters.

The Open Meeting was recessed at 7:18 p.m. to convene an Executive Session in accordance with authority contained in Texas Government Code Sections 551.017 and 551.074. The Executive Session adjourned at 8:21 p.m.

The Open Meeting was reconvened at 8:21 p.m.

There was no action taken during Executive Session.

8. **ACTION RELATIVE TO EXECUTIVE SESSION**

8.A. Consideration and possible action concerning the final report of the Third Party independent investigation in to the City Manager's office.

Comments from Robin Sutton: Requests to know what is in the report and make the report public.

Motion: Councilmember Snyder made a motion to approve finalizing the Third Party independent investigation final report. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Nays Mayor Pro-tem Tom Hines

Action: The motion carried by 6 ayes, 1 nay.

9. **CITY MANAGER COMMENTS**

9.A. Presentation of City Financials for the Months of November 2019 and December 2019 as required by the fiscal and budgetary policy. (Michel Sorrell)

A presentation of the financial reports was given by Michel Sorrell. There was discussion with no action taken.

10. **CONSENT AGENDA ITEMS**

10.A. Consideration and possible recommendation on the proposed Highlands North Section 1 Final Plat, 90.378 acres, more or less, of land, 120 residential lots, located on CR 133 at CR 132. (Ashley Lumpkin)

10.B. Consideration and possible action to approve the December 16, 2019 and December 18, 2019 City Council Work Session. (Lacie Hale)

Item tabled to the January 23, 2020 meeting.

10.C. Consideration and possible action to approve the December 30, 2019 Regular City Council minutes. (Lacie Hale)

Item tabled to the January 23, 2020 meeting.

10.D. Consideration and possible action to approve the January 2, 2020 Regular City Council minutes. (Lacie Hale)

Item tabled to the January 23, 2020 meeting.

Motion: Councilmember Tanner Rose made a motion to approve item 10.A on the Consent Agenda. Councilmember Scott Rose seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

11. **ORDINANCES**

11.A. Consideration of a public hearing and possible action on the first reading of an ordinance approving the proposed Planned Unit Development (PUD) for 411, 421, 431, 441 Ed Schmidt Boulevard, 4.30 acres, more or less, of land, located on Ed Schmidt Boulevard. (Ashley Lumpkin)

A briefing was provided by Ashley Lumpkin, Executive Director Infrastructure and Development Services.

Mayor Gaul opened the Public Hearing at 10:15 p.m. for comments. Hearing none, the Public Hearing was closed at 10:15 p.m.

Original Motion: Mayor Pro Tem Hines made a motion to accept the first reading of the ordinance. Councilmember Scott Rose seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

Amended Motion: Councilmember Snyder made a motion to amend the previous motion to include that there cannot be any windows of rooms with living spaces on the end facing residential areas. Councilmember Gordon seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

11.B. Consideration and possible action on amending the ordinance for the City of Hutto fee schedule concerning Article 4.000 Public Facility Rentals. (Tony Host)

This item was tabled.

11.C. Consideration and possible action on the second reading of an ordinance amending the Fiscal Year 2018-2019 Budget to reflect organizational changes, revision and addition of Capital Improvement Projects, amendments to the Public Improvement District Funds, and other miscellaneous adjustments. (Michel Sorrell)

Motion: Mayor Pro-tem made a motion to approve Ordinance No. O-20-01-16-11C as presented. Councilmember Tanner Rose seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

11.D. Consideration and possible action on the first reading of an ordinance amending the City of Hutto Code of Ordinances (2014 Edition) Section 802 regarding Alarm Permits. (Bill Bingham)

Motion: Councilmember Snyder made a motion to accept the first reading of the ordinance. Councilmember Tanner Rose seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines

Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

12. **RESOLUTIONS**

12.A. Consideration and possible action on a resolution ordering the May 2, 2020 General Election for the purpose of electing City Council, Place 1, and City Council, Place 4. (Lacie Hale)

This item was tabled.

13. **OTHER BUSINESS**

13.A. Consideration of and possible removal and appointments to City Boards, Commissions and Local Government Corporations. (Lacie Hale)

Motion: Councilmember Snyder made a motion to appoint John Klein to the Planning & Zoning Commission provided that an application has been received by the City Secretary's office. Councilmember Tanner Rose seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

13.B. Presentation on the Athletic Facilities Use Agreement with the City of Hutto and Hutto Youth Baseball and Softball Association. (Tony Host)

There was discussion with no action taken.

13.C. Consideration and possible action on the proposed scope of the Communications Technology Task Force and the ADA Task Force. (Stacy Schmitt, Donna Simmons, and Jennifer Atkinson)

Motion: Councilmember Snyder made a motion to approve the proposed scope as written with revisions to include 7 members (residents of City and ETJ) with a 1 year term, deadline for submitting applications to be February 5th. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

13.D. Discussion and possible action on Senior Tax and Homestead Exemption (Michel Sorrell)

Comments from Paul Martin regarding the homestead exemptions and senior tax exemptions that the City needs to take care of the elderly and help seniors over 65 with a cap on property taxes.

Original Motion: Councilmember Tanner Rose made a motion for staff to prepare an ordinance for the freeze or ceiling at age 65 and to include data for revenue impact on this option. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

Amended Motion: Mayor Pro-tem Hines made a motion to amend the previous motion to include data for all 3 options. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

13.E. Consideration and possible action regarding a Request for Proposal (RFP) for City Manager search firm. (Allison Hosgood)

Motion: Councilmember Snyder made a motion to approve the Request for Proposal from search firms for recruiting a new City Manager. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

Comments from Robin Sutton regarding getting to see the information in an unredacted form.

13.F. Consideration and possible action concerning the public information request and subsequent release of 1,200+/- pages of legal invoices between McGinnis Lochridge and the City of Hutto from 2017-2020. (Councilmember Mike Snyder)

Motion: Councilmember Snyder made a motion to approve the release of 1200 pages in an unredacted form. Councilmember Tanner Rose seconded the motion. After discussion, Councilmember Snyder withdrew his motion. A motion was made by Councilmember Martinez to table any action at this time. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

13.G. Consideration and possible action on appointments to the WCCHD – Williamson County and Cities Health District. (Mayor Doug Gaul)

Motion: Councilmember Gordon made a motion to table any action to the next meeting or first available meeting. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro-tem Tom Hines
Councilmember Scott Rose

Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes, 0 nay.

ADJOURNMENT

There being no further business to be heard, the meeting was adjourned at 11:48 p.m.

Respectfully submitted,

CITY OF HUTTO

____
Doug Gaul, Mayor

ATTEST:

____
City Secretary

These minutes were approved on ________________, 2020.

CITY OF HUTTO, TEXAS
CITY COUNCIL
MEETING MINUTES
JANUARY 23, 2020

A Special Session of the City Council of Hutto, Texas was held on the 23rd day of January 2020, in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, TX 78634, for which proper notice was given.

CALL SESSION TO ORDER

Mayor Gaul called the session to order at 7:00 p.m.

ROLL CALL

Members of the City Council present were Mayor Doug Gaul, Mayor Pro Tem Tom Hines, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, and Councilmember Tanner Rose. It was noted that Councilmember Patti Martinez was not in attendance.

Members of staff that were present were Charles W. Daniels, Interim City Manager; Byron Frankland, Assistant City Manager; Paul Hall, Chief of Police; Ashley Lumpkin, Executive Director Infrastructure & Development Services; Jessica Bullock, Director of Economic Development; Ashby Grundman, Development Services Director; Michel Sorrell, Assistant City Manager and CFO; Allison Hosgood, Executive Director of Organizational Development and Human Resources; Stacy Schmitt, Assistant to the City Manager and Appointed City Secretary; Donna Simmons, Director of Communications; Jennifer Atkinson, Communications Specialist; Tony Host, Executive Director of Community Services; Jeff White, Parks and Recreation Director; and Michael Shaunessy, City Attorney.

PLEDGE OF ALLEGIANCE

Mayor Gaul opened the meeting with the Pledge of Allegiance and the Texas Pledge.

CITY COUNCIL COMMENTS

Councilmember Tanner Rose made a motion to table everything listed on the agenda with exception of 9.C. due to failure to receive the backup material in a timely manner. Councilmember Snyder seconded the motion.

Vote: Ayes Councilmember Tanner Rose

Nays Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose

Councilmember Mike Snyder
Councilmember Peter Gordon

Action: The motion failed by a vote of 1 Aye and 5 Nays.

Mayor Pro Tem Hines made a motion to adjourn the meeting. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Pro Tem Tom Hines
Councilmember Tanner Rose

Nays Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon

Action: The motion failed by a vote of 2 Ayes and 4 Nays.

PUBLIC COMMENT

Comments were received from the following:

Paul Martin comments were regarding respecting Roberts Rules of Order.
Nicole Calderone commented on elections, pending litigations, and accountability to the citizens.
Robin Sutton commented on the investigation of the City Manager's office, conflict of interest, legal services invoices.

CITY MANAGER COMMENTS

Charles Daniels, Interim City Manager, recommended that Item 8.B. be tabled. Councilmember Gordon made a motion to move 12.A (Work session with the Parks Advisory Board) up on the agenda after 7.A to allow for further discussion. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously by 6 ayes and 0 nays.

CONSENT AGENDA ITEMS

7A. Consideration and possible action to approve the December 30, 2019 Regular City Council minutes. (Stacy Schmitt)

Motion: Mayor Pro Tem Hines made a motion to approve Consent Agenda Item 7A as presented. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously by 6 ayes and 0 nays.

12. **WORK SESSION**

12.A. Work Session with Parks Advisory Board. (Mayor Doug Gaul)

Parks Board Members Rose McMillin, Katie Weiss, Dan Thornton, and Perry Savard participated in the discussion of (1) a parks foundation; (2) Glenwood Splash Pad; and (3) Board members roles and responsibilities.

There was discussion with no action being taken.

RESOLUTIONS

8A. Consideration and possible action on a resolution approving the plat version for the Final Subdivision Plat of Meadows at Cottonwood Creek Phase One, recorded as Document No. 2009-067576, in the Official Public Records of Williamson County, Texas. (Ashley Lumpkin)

Motion: Mayor Pro Tem Hines made a motion to approve Resolution No. R-20-01-23-8A as presented. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 5 ayes and 0 nay.

Councilmember Mike Snyder recused himself due to a potential conflict.

8B. Consideration and possible action on a resolution considering the adoption of the City of Hutto Parks, Recreation, Trails, and Open Space Master Plan. (Jeff White)

Motion: Mayor Pro Tem Hines made a motion to approve Resolution No. R-20-01-23-8B adopting the Open Space Master Plan as presented. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon

Nay Councilmember Tanner Rose

Action: The motion carried with 5 ayes and 1 nay.

8C. Consideration and possible action on a resolution ordering the May 2, 2020 General Election for the purpose of electing City Council, Place 1, and City Council, Place 4. *(Stacy Schmitt)*

Comments from Nicole Calderone announcing her candidacy for Councilmember Place 4.

Motion: Mayor Pro Tem made a motion to approve Resolution No. R-20-01-23-8C ordering the May 2, 2020 General Election. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

8D. Consideration and possible action on a resolution authorizing the city manage to purchase waterline, valves, fire hydrants and appurtenances for the Live Oak Waterline Relocation relating to the Live Oak Street Reconstruction Project as part of the 2018 Proposition A Street and Drainage Bond Program in an amount not to exceed $79,664.18. *(Samuel Ray)*

Motion: Councilmember Scott Rose made a motion to approve Resolution No. R-20-01-23-8D as presented. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose

Councilmember Mike Snyder
Councilmember Peter Gordon

Nay Councilmember Tanner Rose

Action: The motion carried with 5 ayes and 1 nay.

9. OTHER BUSINESS

9A. Presentation of information requested by Councilman Tanner Rose regarding compensation, including potential merit raises, for employees hired in 2019. *(Allison Hosgood and Misti Hancock)*

Motion: Councilmember Tanner Rose made a motion to table the item to a meeting in February. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

9B. Consideration of and possible removal and appointments to City Boards, Commissions and Local Government Corporations. *(Stacy Schmitt)*

Motion: Mayor Pro Tem Hines made a motion to appoint Wendel Teltow to the Parks Advisory Board, pending receipt of his application by the City Secretary's office. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

9C. Consideration and potential action regarding approving a settlement between City of Hutto and Emily Parks. *(Michael Shaunessy)*

Comments were received from Nicole Calderone and Robin Sutton regarding the information from the settlement be made public.

Motion: Councilmember Snyder made a motion to approve the separation agreement and to put the agreement on the City's website. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

9D. Consideration and possible action regarding establishing a council protocol regarding cancelling City Council Meetings. *(Michael Shaunessy)*

Motion: Councilmember Gordon made a motion that once a meeting has been scheduled and posted, the meeting will continue with Council members available appear ready for the meeting. If there is no quorum available, the meeting is cancelled. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

10. EXECUTIVE SESSION

The City Council for the City of Hutto reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed above as authorized by the Texas Government Code Sections 551.071 [Litigation/Consultation with Attorney], 551.072 [Deliberations regarding real property], 551.073 [Deliberations regarding gifts and donations], 551.074 [Deliberations regarding personnel matters] or 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and 551.087 [Deliberations regarding Economic Development negotiations].

10A. Executive Session pursuant to Texas Government Code Sections 551.071, for consultation with counsel regarding pending litigation, City of Hutto v. Wolverine.

10B. Executive Session pursuant to Texas Government Code Sections 551.087 Deliberations regarding Economic Development negotiations and 551.071, for consultation with counsel regarding pending litigation, regarding Project Expansion development.

The Open Meeting was recessed at 9:52 p.m. to convene an Executive Session in accordance with the authority granted by the Texas Government Code. The Executive Session convened at 9:52 p.m. and adjourned at 12:54 a.m. on January 24, 2020. The Open Meeting was reconvened at 12:54 a.m.

11. <u>ACTION RELATIVE TO EXECUTIVE SESSION</u>

11A. Consideration and potential action regarding settlement of City of Hutto v. Wolverine lawsuit.

<u>Original Motion</u>: Mayor Pro Tem Hines made a motion to approve the settlement agreement with payment made from general fund. Councilmember Scott Rose seconded the motion.

<u>Vote:</u> Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

<u>Action:</u> The motion carried unanimously with 6 ayes and 0 nay.

<u>Amended Motion:</u> Councilmember Snyder made a motion to amend the previous motion to wait to make the payment from the proceeds from Preston Hollow. Councilmember Gordon seconded the motion.

<u>Vote:</u> Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Tanner Rose

<u>Action:</u> The motion carried unanimously with 6 ayes and 0 nay.

11B. Consideration and potential action regarding Project Expansion development.

<u>Motion</u>: Mayor Pro Tem Hines made a motion to authorize the Cottonwood Development Corporation on the behalf of the City to consider a financing commitment for Project Expansion in the Sports and Entertainment District and proceed with the development of the project; any other parties involved should communicate with the City Manager who will report to the City Council. Councilmember Gordon seconded the motion.

<u>Vote:</u> Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon

Councilmember Tanner Rose

Action: The motion carried unanimously with 6 ayes and 0 nay.

ADJOURNMENT
There being no further business to be heard, the meeting was adjourned at 1:04 a.m. on January 24, 2020.

Respectfully submitted,

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, Appointed City Secretary

These minutes were approved on _________________, 2020.

Regular City Council

AGENDA ITEM REPORT

To:	
Subject:	Consideration and possible action on a resolution approving the 2019 Co-Op District Tax Increment Reinvestment Zone (TIRZ) Annual Project and Financing Report (Jessica Geray).
Meeting:	Special Called City Council - 27 Feb 2020
Department:	Economic Development
Staff Contact:	Jessica Bullock

BACKGROUND INFORMATION:

On January 4, 2018, the City Council approved Ordinance O-18-01-04-12A that created Reinvestment Zone Number One located within the Co-Op District. The ordinance creating the Reinvestment Zone No. One provides that the City shall appoint three members of the five-member board for the Zone to serve, a statute required two-year terms, ending January 2020.

Council appointed three members to fill the vacant seats on the board for two-year terms on February 6, 2020.

The TIRZ Board reviewed and unanimously approved the Annual Report on February 14, 2020.

The Hutto Community Development Corporation Board reviewed and unanimously approved the Annual Report on February 18, 2020.

The Williamson County Commissioner's Court will review the Annual Report on February 25, 2020.

FINANCIAL IMPACT:

Not Applicable

POLICY IMPLICATIONS:

Not Applicable

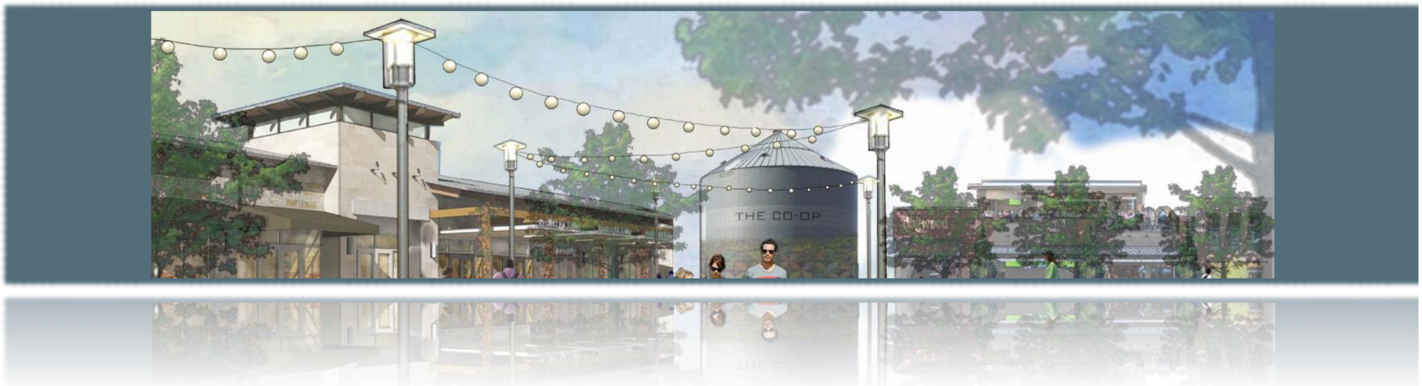
RECOMMENDATION:

Staff recommends approval.

ATTACHMENTS:

TIRZ Project and Financing Plan_Approved Dec. 2018
2019 Co-Op District TIRZ Annual Project and Financing Report
02.27.2020_Resolution

Irma Gonzales, Assistant City Secretary None



HUTTO CO-OP
HUTTO, TEXAS

CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE

PROJECT AND FINANCING PLAN

CITY OF HUTTO, TEXAS
WILLIAMSON COUNTY, TEXAS
79 HCD DEVELOPMENT, LLC

August 28, 2018

City of Hutto

Co-Op District TIRZ

Mayor Doug Gaul

Mayor Pro Tem Tom Hines, **PLACE 2**

Council Member Scott Rose, **PLACE 1**

Council Member Nate Killough, **PLACE 3**

Council Member Tim Jordan, **PLACE 4**

Council Member Patti Turner, **PLACE 5**

Council Member Terri Grimm, **PLACE 6**

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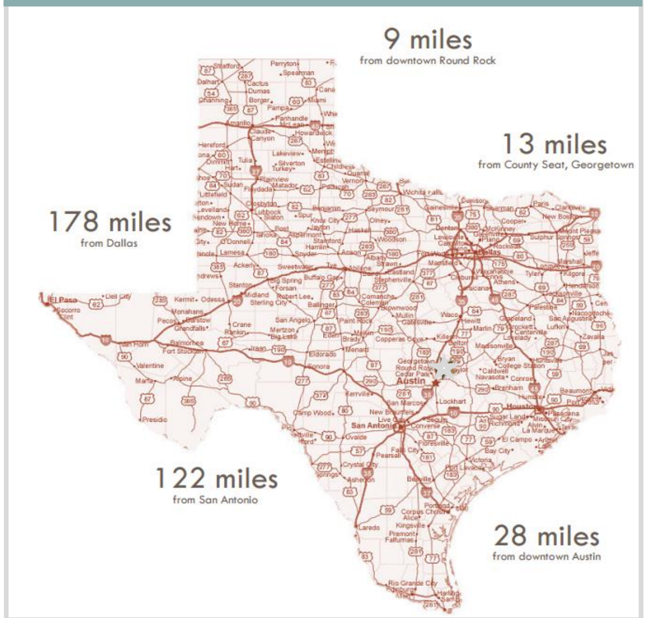
I. INTRODUCTION

Located northeast of Austin in Williamson County, the fourth-fastest growing county in the State of Texas, the City of Hutto ("the City") has experienced rapid growth since 2000. Once a rural Texas town with a population of 1,250 in 2000; Hutto is now home to an estimated 27,000 people, positioning the City to become a lively and integral part of the Austin Metropolitan region. With recent recognitions including the "Top Place in Texas to Raise a Family", the "#1 Local City (in the Austin area) For Young Couples", "One of the Top 5 Safest Cities in Texas", and "One of the Top 100 Places in Major Markets to Locate a Business", Hutto is consistently ranked as one of the fastest growing and safest cities in the country.

Image 1: Regional Context



Just 25 minutes from the heart of the Texas State Capitol and 30 minutes from the Austin Bergstrom International Airport via the new SH-130 tollway, the City is well positioned for economic growth. With quick access to State Highway 130, Interstate 35, US Highway 79, and the Union Pacific Red Line, Hutto provides convenient transportation routes to the greater Texas region.

Those who call Hutto home are attracted to its strong sense of community, rich history, affordable housing and attractive neighborhoods, low crime, high performing school district, access to higher education institutions, and plentiful open space; all of which come together to provide a high quality of life just outside of Austin. As the city continues to grow, it aims to be a family-friendly community that provides superior public safety, outstanding fiscal responsibility, a diversified economy, and an exceptional quality of life. Here, the importance of a diverse community is recognized, as it will directly affect the quality of life of the community and its residents.

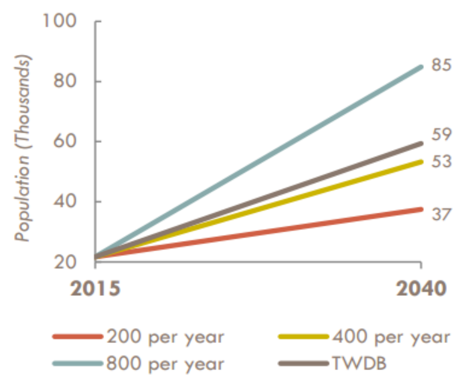
Given that, the City Council's goal is to take a comprehensive approach towards economic development by focusing their efforts on redevelopment, including the rehabilitation of infill properties such as the Co-Op District, located just west of Hutto's Historic District.

II. HUTTO – AT A GLANCE

DEMOGRAPHICS

Hutto has experienced an estimated 6 percent (6.0%) average annual growth and over 50 percent (50.0%) change in total population change since 2010. Using historical residential permit patterns, the City may be home to over 85,000 residents in 2040.

Chart 1: Population Forecasts – Using Estimated Number of Permits



City of Hutto, Texas Water Development Board

With a median age of 33, Hutto has attracted many young families. Just over half of the population consists of families with children under the age of 18 and adults age 25 to 54. In addition to a growing population within city limits, the City provides access to over 65,000 people within a 5-mile radius, expanding to over 284,000 people within a 10-mile radius.

An educated workforce is a key to having a dedicated and diverse workforce. With an Independent School District that experiencing a 97% graduation rate and access to multiple nationally recognized higher education institutions, the Hutto community is diverse, skilled, and able to adapt to changing needs within the workforce.

The residents of Hutto have high levels of educational attainment with 22 percent of Hutto residents 25 years or older hold a bachelor's degree or higher. Together with a median household income of $73,855, an average household income of $80,603 within city limits, and an average household income in the primary trade area of $93,371, there is a clear demonstration of the desirability and quality of life that the community offers to people who are educated and high-income earners.

Table 1: 2016 Population 25+ by Educational Attainment

Total	12,498
Less than 9th Grade	3.7%
9th - 12th Grade, No Diploma	2.7%
High School Graduate	23.3%
GED/Alternative Credential	4.1%
Some College, No Degree	32.8%
Associate Degree	10.9%
Bachelor's Degree	17.9%
Graduate/Professional Degree	4.7%

Table 2: 2016 Households by Income

Household Income Base	6,641
<$15,000	5.9%
$15,000 - $24,999	3.2%
$25,000 - $34,999	4.1%
$35,000 - $49,999	10.8%
$50,000 - $74,999	26.9%
$75,000 - $99,999	23.5%
$100,000 - $149,999	19.5%
$150,000 - $199,999	4.3%
$200,000+	1.8%

U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

ECONOMIC OUTLOOK

As of 2015, approximately 88 percent (88.0%) of the working population commutes an average 27 minutes to work outside the city limits. With .66 jobs per household, it is important for economic stability to achieve a citywide job-housing balance with a goal of at least 1 job for every household. As residential development within the city and its Extraterritorial Jurisdiction (ETJ) increase, it is vital for Hutto to focus on productive growth that creates local jobs and diversifies its tax base. The people of Hutto provide a strong foundation for a workforce and consumer market that will help the city become more regionally and nationally competitive. Hutto is in the early stages of its development cycle and needs to develop the economic diversity and depth of business support infrastructure (capital and non-capital) to be competitive in the larger Central Texas regional and national market.

Given this, the redevelopment of the Co-Op District, as well as the construction of the additional infrastructure improvements needed to support the desired economic growth, are the key to the creation of a place to live, work and play which will result in a more balanced economy.

III. GROWTH CORRIDORS & INFRASTRUCTURE

ECONOMIC DEVELOPMENT GROWTH CORRIDORS

At present, the City of Hutto lacks significant shovel-ready, or building ready, sites. Water, wastewater and other critical infrastructure key to significant economic development is lacking in certain areas of the City. The City is therefore constrained in terms of being able to accommodate concentrations of quality, career-oriented employment opportunities that are consistent with the City Council's Strategic Plan.

Through the Future Land Use Map (FLUM) planning process, seven (7) key areas were identified as vital employment and growth corridors – areas that can and should become priority focus areas for public and private sector investment and planning for high quality non-residential development over the next 5, 10, and 20 years. The City, during its planning process, considered the following points when considering these corridors along major highways:

- Promoting development compatible with safe, efficient traffic circulation through sound standards for access management, limited installation of curb cuts, and parking facility connectivity;
- Selectively determining appropriate locations and applied design standards for large commercial developments and other high traffic generating uses;
- Setting quality design standards for all commercial development;
- Encouraging mixed-use, clustered and "village center" development types as alternatives to conventional strip center and stand-alone "pad" sites; and,
- Adding regional and community nodes to key intersections.

These employment and growth areas are those that can eventually accommodate significant concentrations of firms in the economic sectors identified previously. Each of these primary employment corridors offers its own distinct locational advantages and attributes, as well as challenges that will be addressed in order to realize their individual and collective potential for Hutto's continued economic growth. One of the seven employment and growth corridor areas identified includes the Historic Downtown/Co-Op site. S**ection IV THE NEED FOR REDEVELOPMENT** of this Plan identifies the challenges for the existing Co-Op site.

HUTTO'S ECONOMIC DEVELOPMENT POLICY

The City of Hutto adopted an ECONOMIC DEVELOPMENT POLICY on July 20, 2017. This policy document identified the use of tax increment financing as a way of redeveloping open or undeveloped land currently experiencing challenges such as obsolete platting, deteriorating structures or other factors, the substantially impair the growth of the city. The Co-Op District is one of three areas identified as a site that is in need of infrastructure in order to be developed to allow growth to occur west of Old Town. It is currently an undeveloped site, that when developed, will alleviate the immediate and surrounding areas drainage problems and improve traffic circulation with proposed improvements to US Highway 79 and with the extension of Live Oak to the west.

DOWNTOWN HUTTO: HUTTO'S COMMUNITY AND CIVIC HEART

Image 2: The Cotton Gin at the Co-Op

Downtown is a vital intersection of commerce, business, and tourism, and serves as a fundamental cornerstone of our identity and economy. A healthy and vibrant downtown benefits all citizens and businesses of the City. Downtown Hutto is a designated historic district, with a variety of active commercial and retail buildings surrounded by residential and open spaces.

Hutto has the opportunity to create a new Entertainment and Civic District downtown. This area, known as the Co-Op District, is located west of Downtown and is part of the larger Historic Downtown District, with approximately 900 linear feet of access along US Highway 79. The City has an executed development agreement with an affiliate of 79 HCD Development, LLC for this site, specifically to design a new City Hall and Library, with retail and commercial areas throughout, for the creation of an Entertainment District. A Historic Downtown/Co-Op Site Infrastructure Plan has been created and it includes a description of the shared vision of streetscapes, infrastructure, building design standards, and open space/community planning. The proposed TIRZ will specifically address road, drainage and associated utility needs.

Map 1: Downtown Hutto

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IV. THE NEED FOR REDEVELOPMENT

Within and throughout the City's Historic Old Town, Hutto has experienced flooding and traffic congestion. The City is in need of planning and providing for infrastructure related to regional detention, storm sewer and improved road circulation that will not only alleviate local congestion, but regional traffic flow on US Highway 79. These infrastructure improvements will reduce impediments to growth west of Old Town.

A majority of the project area is City-owned and vacant. The City-owned 25 acres contain silos that are no longer functioning. There are also remnants of rail spurs and concrete pads of silos that once stood on the site which need removal. Therefore, the redevelopment of the site will include the following:

- Cleaning up obsolete platting;
- Reusing and relocating, when appropriate, accessory structures; and,
- Improving existing roads and constructing new ones to improve traffic circulation.

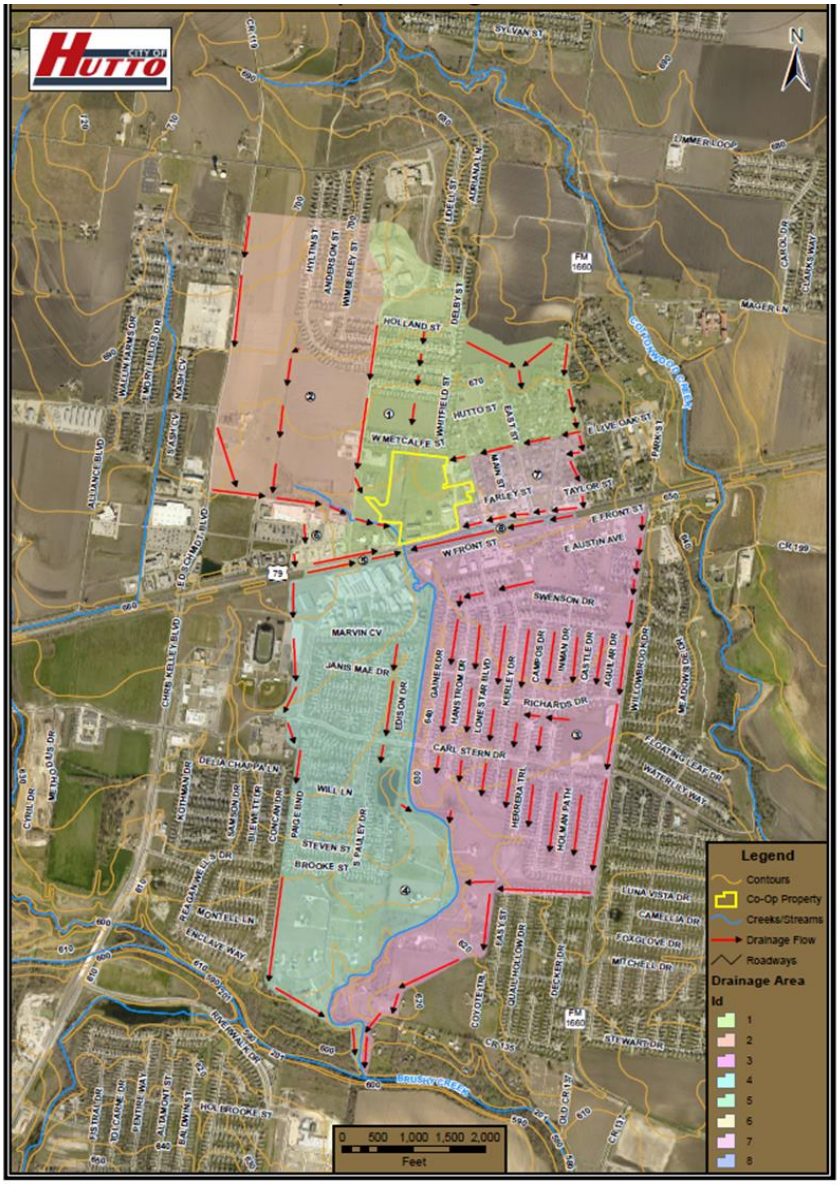
View of project site facing north from US Highway 79

Additional challenges currently experienced within and adjacent to the project site, are the following:

- Open ditches;
- Residents & Businesses experience flooding in streets and alleyways; and,
- Drainage & flooding problems.

Flooding in old town

The following map shows the drainage flow from the north, through the Co-Op District project site draining south, towards US Highway 79:



The following is a floodplain map that shows the areas prone to flooding:

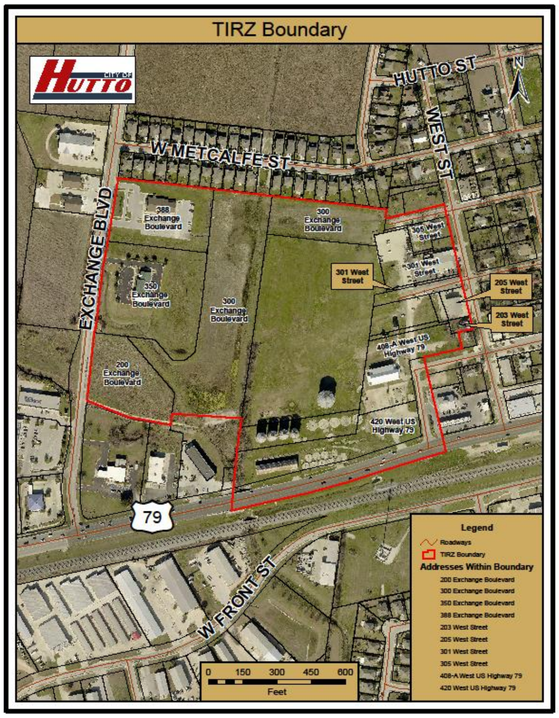
The City of Hutto entered into a Development Agreement with an affiliate of 79 HCD Development, LLC to develop the project site. The City has reached an agreement with Williamson County ("the County") whereby the County has agreed to participate in a Tax Increment Reinvestment Zone ("TIRZ") to be created encompassing:

- City property that will be taken down over time by the Developer per the executed Development Agreement;
- Property currently being used as County offices fronting Exchange Boulevard;
- A church and commercial properties fronting West Street.

The inclusion of the County offices will assist with providing the following solutions to the challenges that were identified in the current and previous sections:

- Storm sewer;
- Regional detention on Co- Op site;
- Prepare drainage study; and,
- Take over maintenance of existing drainage ditches currently being provided by various Homeowner Associations.

The following map depicts the proposed TIRZ boundary that includes City-owned property of approximately 26.40 acres, County-owned property of approximately 4.47 acres, United States Postal Service-owned property of approximately 2.81 acres, and privately owned property of approximately 6.38 acres for a total of approximately 40.86 acres of land.



The creation of the TIRZ is necessary as neither the City or the County alone can fund the public improvements needed to remove the current constraints to the redevelopment and growth of the City.

THE CO-OP DISTRICT PUD

79 HCD Development, LLC has prepared, submitted and obtained approval from the City for a Co-Op District Planned Unit Development (PUD) that is zoned for mixed use and includes Design Guidelines so as to ensure that high quality development is built. The following is a concept plan for the Project:

The following drawing shows the planned infrastructure throughout the District, including the extension of West Live Oak towards Exchange Boulevard, in addition to, the regional drainage ponds:

High quality infrastructure and design guidelines include active open space and amphitheatre area.

V. PRELIMINARY PROJECT PLAN

TIRZ districts permit a jurisdiction, or a group of jurisdictions working together, to permit the incremental fiscal benefits generated by a project to fund the cost of qualified public improvements. Typically, the tax year in which a jurisdiction establishes the TIRZ sets the real property assessed value base (base year). For each year in the life of the TIRZ, a special fund captures the tax revenue generated from the difference between the base-year assessed value and that year's assessed value. Other taxing jurisdictions can choose to direct all or a portion of their tax revenues into the TIRZ. An appointed board of directors ("TIRZ Board") chooses how to spend the money captured in the TIRZ fund based on agreements negotiated between the TIRZ, the effected jurisdictions and an Owner of a project. This value generating process is outlined below:

Exhibit A

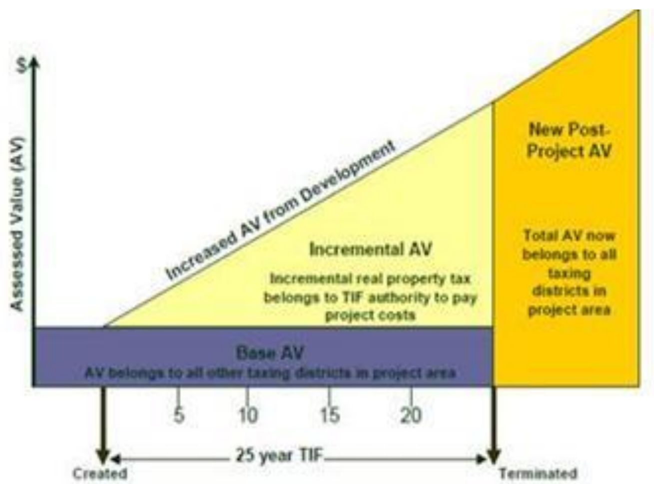


Exhibit A illustrates how rising tax revenue from greater appraised value in a TIRZ zone flows with time to a taxing jurisdiction's general fund and to a TIRZ fund. The sloped lines depict tax revenue rising with time. When the TIRZ expires or terminates, the amount of real property tax revenue to the City will increase sharply since a portion of the real property tax revenue is no longer part of the TIRZ fund. Inclusion of property in a TIRZ zone does not change the tax rate for any property. Tax rates in a TIRZ zone are the same as tax rates outside the zone and within the same set of taxing jurisdictions.

The Co-Op TIRZ will be comprised of approximately 40.49 acres and will include all of the approximately 35.10 acres of real property that comprises the Hutto Co-Op Public Improvement District (the "PID"), as more fully described in the PID Service and Assessment Plan ("SAP") adopted by the City in connection with the levy of special assessments for the PID.

The TIRZ will terminate on the earlier of (1) the date the TIRZ Board ("the Board") certifies to the City that all project costs have been paid and any monies remaining in the tax increment fund has been paid to the City and other taxing units levying taxes on property within the TIRZ or (2) the date that there is a unanimous determination by all members of the Board that all project costs or other obligations have been paid in full. The Board will have the right to allocate excess TIRZ Revenues, if any, to fund additional improvements not being funded by the PID.

PROPOSED DEVELOPMENT PLAN

The Project's proposed development plan, per the Concept Plan presented in **Section IV,** is summarized below:

Building	Land Use	Units/SF
1	Restaurant	12,000
2	Restaurant	12,000
3	Retail/Office	6,000
4	Bank	3,000
5	Restaurant	5,500
6	Retail/Office	20,000
7	Retail/Office	33,000
8	Retail/Office	12,000
9	Multi-Family	132
10	Retail/Office	45,000
11	Retail/Office	15,000
12	Retail/Office	40,000
13	Hotel	140
14	Retail/Office	36,000
15	Retail/Office	32,000
16	Multi-Family	104
17	City Hall	40,000
18	Entertainment	39,000
19	Restaurant	4,000

DESCRIPTION OF PROJECTS WITHIN THE TIRZ

As described further in **Section VI – Preliminary Financing Plan**, the TIRZ revenues applied to reduce the annual installments due under the PID. As described in the SAP, the Authorized Improvements (as defined in the SAP) will consist of the following:

The following table presents the costs of the Authorized Improvements:

	Phase		
Cost Category	**1**	**2**	**Total**
The Lakes - Landscaping	$ 2,971,412	$ -	$ 2,971,412
Streets - Landscaping	$ 1,972,340	$ -	$ 1,972,340
City Hall Landscaping	$ 833,124	$ -	$ 833,124
Signage, Monumentation & Parking Lots	$ 1,371,001	$ -	$ 1,371,001
Town Green	$ 2,986,338	$ -	$ 2,986,338
Excavation, Water, Sewer, Drainage & Paving	$ 3,645,895	$ 630,000	$ 4,275,895
Landscape, Hardscape, Site Furnishings, Lighting		$ 155,000	$ 155,000
Parking Lots	$ 4,416,343	$ -	$ 4,416,343
Highway 79 Construction & Engineering	$ 1,404,936	$ -	$ 1,404,936
Parking Garage #1	$ -	$ 4,567,500	$ 4,567,500
Parking Garage #2	$ -	$ 1,522,500	$ 1,522,500
Parking Garage #3	$ -	$ 4,567,500	$ 4,567,500
Engineering	$ 144,227	$ 250,000	$ 394,227
Contingency	$ 678,713	$ 78,500	$ 757,213
Project Management Fee	$ 1,835,672	$ 588,550	$ 2,424,222
Total	**$ 22,260,000**	**$ 12,359,550**	**$ 34,619,550**

VI. PRELIMINARY FINANCING PLAN

PROPOSED TIRZ PROJECTS

Section 311.002 of the Tax Increment Financing Act defines project costs as "the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public Improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations."

PROJECT COSTS

- Capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;
- Financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;
- Real property assembly costs;
- Professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;
- Imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;
- Municipality or county in connection with the implementation of a project plan;
- Relocation costs;
- Organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;
- Interest before and during construction and for one year after completion of construction, whether or not capitalized;
- The cost of operating the reinvestment zone and project facilities;
- The amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan;
- The costs of school buildings, other educational buildings, other educational facilities, or other buildings owned by or on behalf of a school district, community college district, or other political subdivision of this state; and,

- Payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

METHOD OF FINANCING

The real property that makes up the TIRZ and the PID is expected to be developed in one or more phases with the PID financing Authorized Improvements as approved by the City. PID Special Assessments will be levied on Assessed Property (as defined in the SAP) within the PID. City owned and other non-benefitted property will not be subject to PID Special Assessments.

The City does not plan to issue TIRZ Bonds to finance the costs that make up the TIRZ Projects. Rather, the City will utilize a PID, as described in the SAP, secured by the PID Special Assessments on the Assessed Property to purchase through an installment sale the projects that represent the TIRZ Projects. After the creation of the TIRZ, and, if and when TIRZ Revenues become available as a result of real property improvements within the TIRZ, the resulting tax increment revenues within the TIRZ will, to the extent authorized by law, be used to offset PID annual installments for the benefit of the TIRZ Project Plan. It is agreed that the base taxable value for calculation of the TIRZ Revenues is $0.

A summary of the funding sources for the TIRZ is presented below:

Jurisdiction	Tax Source	TIRZ Contribution Rate	Term
City of Hutto	Ad Valorem Taxes	60.0%	40 years
Williamson County*	Ad Valorem Taxes	50.0%	20 years
Hutto Economic Development Corporation	4B Sales Taxes	50.0%	30 years

* - Williamson County's TIRZ Contribution is subject to a maximum of $5,500,000 and net of the County's Ad Valorem Rate Allocated to Debt Service

Projected TIRZ Revenues presented in the table below utilize the Concept Plan and estimated future assessed values and sales revenues as provided by the Developer:

TIRZ Year Ended	Projected Assessed Value	Ad Valorem Rate - City	Total City Ad Valorem TIRZ Revenues	Ad Valorem Rate - County Net of Debt Service Rate	Total County Ad Valorem TIRZ Revenues	Total Sales Revenue	EDC TIRZ Sales Tax Rate	Total EDC Sales Tax TIRZ Revenues	Total TIRZ Revenue Available
12/31/2018	$ -	$ 0.515171	$ -	$ 0.259029	$ -	$ -	0.25%	$ -	$ -
12/31/2019	$ 15,849,000	$ 0.515171	$ 48,990	$ 0.259029	$ 20,527	$ 7,188,000	0.25%	$ 17,970	$ 35,700
12/31/2020	$ 32,754,600	$ 0.515171	$ 101,245	$ 0.259029	$ 42,422	$ 14,855,200	0.25%	$ 37,138	$ 180,805
12/31/2021	$ 55,999,800	$ 0.515171	$ 173,097	$ 0.259029	$ 72,528	$ 25,397,600	0.25%	$ 63,494	$ 309,119
12/31/2022	$ 140,880,000	$ 0.515171	$ 435,464	$ 0.259029	$ 182,460	$ 47,920,000	0.25%	$ 119,800	$ 737,724
12/31/2023	$ 144,402,000	$ 0.515171	$ 446,350	$ 0.259029	$ 187,022	$ 49,118,000	0.25%	$ 122,795	$ 756,167
12/31/2024	$ 148,012,050	$ 0.515171	$ 457,509	$ 0.259029	$ 191,697	$ 50,345,950	0.25%	$ 125,865	$ 775,071
12/31/2025	$ 151,712,351	$ 0.515171	$ 468,947	$ 0.259029	$ 196,489	$ 51,604,599	0.25%	$ 129,011	$ 794,448
12/31/2026	$ 155,505,160	$ 0.515171	$ 480,670	$ 0.259029	$ 201,402	$ 52,894,714	0.25%	$ 132,237	$ 814,309
12/31/2027	$ 159,392,789	$ 0.515171	$ 492,687	$ 0.259029	$ 206,437	$ 54,217,082	0.25%	$ 135,543	$ 834,667
12/31/2028	$ 163,377,609	$ 0.515171	$ 505,004	$ 0.259029	$ 211,598	$ 55,572,509	0.25%	$ 138,931	$ 855,533
12/31/2029	$ 167,462,049	$ 0.515171	$ 517,630	$ 0.259029	$ 216,888	$ 56,961,821	0.25%	$ 142,405	$ 876,922
12/31/2030	$ 171,648,600	$ 0.515171	$ 530,570	$ 0.259029	$ 222,310	$ 58,385,867	0.25%	$ 145,965	$ 898,845
12/31/2031	$ 175,939,815	$ 0.515171	$ 543,835	$ 0.259029	$ 227,868	$ 59,845,514	0.25%	$ 149,614	$ 921,316
12/31/2032	$ 180,338,311	$ 0.515171	$ 557,430	$ 0.259029	$ 233,564	$ 61,341,651	0.25%	$ 153,354	$ 944,349
12/31/2033	$ 184,846,768	$ 0.515171	$ 571,366	$ 0.259029	$ 239,403	$ 62,875,193	0.25%	$ 157,188	$ 967,958
12/31/2034	$ 189,467,938	$ 0.515171	$ 585,650	$ 0.259029	$ 245,388	$ 64,447,072	0.25%	$ 161,118	$ 992,156
12/31/2035	$ 194,204,636	$ 0.515171	$ 600,292	$ 0.259029	$ 251,523	$ 66,058,249	0.25%	$ 165,146	$ 1,016,960
12/31/2036	$ 199,059,752	$ 0.515171	$ 615,299	$ 0.259029	$ 257,811	$ 67,709,706	0.25%	$ 169,274	$ 1,042,384
12/31/2037	$ 204,036,246	$ 0.515171	$ 630,681	$ 0.259029	$ 264,257	$ 69,402,448	0.25%	$ 173,506	$ 1,068,444
12/31/2038	$ 209,137,152	$ 0.515171	$ 646,448	$ 0.259029	$ -	$ 71,137,509	0.25%	$ 177,844	$ 824,292
12/31/2039	$ 214,365,581	$ 0.515171	$ 662,610	$ 0.259029	$ -	$ 72,915,947	0.25%	$ 182,290	$ 844,899
12/31/2040	$ 219,724,720	$ 0.515171	$ 679,175	$ 0.259029	$ -	$ 74,738,846	0.25%	$ 186,847	$ 866,022
12/31/2041	$ 225,217,838	$ 0.515171	$ 696,154	$ 0.259029	$ -	$ 76,607,317	0.25%	$ 191,518	$ 887,672
12/31/2042	$ 230,848,284	$ 0.515171	$ 713,558	$ 0.259029	$ -	$ 78,522,500	0.25%	$ 196,306	$ 909,864
12/31/2043	$ 236,619,491	$ 0.515171	$ 731,397	$ 0.259029	$ -	$ 80,485,562	0.25%	$ 201,214	$ 932,611
12/31/2044	$ 242,534,978	$ 0.515171	$ 749,682	$ 0.259029	$ -	$ 82,497,701	0.25%	$ 206,244	$ 955,926
12/31/2045	$ 248,598,353	$ 0.515171	$ 768,424	$ 0.259029	$ -	$ 84,560,144	0.25%	$ 211,400	$ 979,824
12/31/2046	$ 254,813,312	$ 0.515171	$ 787,635	$ 0.259029	$ -	$ 86,674,148	0.25%	$ 216,685	$ 1,004,320
12/31/2047	$ 261,183,645	$ 0.515171	$ 807,325	$ 0.259029	$ -	$ 88,841,001	0.25%	$ 222,103	$ 1,029,428
12/31/2048	$ 267,713,236	$ 0.515171	$ 827,509	$ 0.259029	$ -	$ 91,062,026	0.00%	$ -	$ 827,509
12/31/2049	$ 274,406,067	$ 0.515171	$ 848,196	$ 0.259029	$ -	$ 93,338,577	0.00%	$ -	$ 848,196
12/31/2050	$ 281,266,218	$ 0.515171	$ 869,401	$ 0.259029	$ -	$ 95,672,041	0.00%	$ -	$ 869,401
12/31/2051	$ 288,297,874	$ 0.515171	$ 891,136	$ 0.259029	$ -	$ 98,063,842	0.00%	$ -	$ 891,136
12/31/2052	$ 295,505,321	$ 0.515171	$ 913,415	$ 0.259029	$ -	$ 100,515,438	0.00%	$ -	$ 913,415
12/31/2053	$ 302,892,954	$ 0.515171	$ 936,250	$ 0.259029	$ -	$ 103,028,324	0.00%	$ -	$ 936,250
12/31/2054	$ 310,465,277	$ 0.515171	$ 959,656	$ 0.259029	$ -	$ 105,604,032	0.00%	$ -	$ 959,656
12/31/2055	$ 318,226,909	$ 0.515171	$ 983,648	$ 0.259029	$ -	$ 108,244,133	0.00%	$ -	$ 983,648
12/31/2056	$ 326,182,582	$ 0.515171	$ 1,008,239	$ 0.259029	$ -	$ 110,950,237	0.00%	$ -	$ 1,008,239
12/31/2057	$ 334,337,147	$ 0.515171	$ 1,033,445	$ 0.259029	$ -	$ 113,723,993	0.00%	$ -	$ 1,033,445
Totals			**$ 25,276,019**		**$ 3,671,593**			**$ 4,432,805**	**$ 33,328,631**

HUTTO CO-OP
HUTTO, TEXAS

CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE

2019 ANNUAL PROJECT AND FINANCING REPORT

CITY OF HUTTO, TEXAS
WILLIAMSON COUNTY, TEXAS
79 HCD DEVELOPMENT, LLC

February 25, 2020

City of Hutto

Co-Op District TIRZ

Mayor Doug Gaul

Mayor Pro Tem Tom Hines, **PLACE 2**

Council Member Scott Rose, **PLACE 1**

Council Member Mike Snyder, **PLACE 3**

Council Member Peter Gordon, **PLACE 4**

Council Member Patti Martinez, **PLACE 5**

Council Member Tanner Rose, **PLACE 6**

Charles Daniels, Interim City Manager

City Staff

Byron Frankland, Assistant City Manager

Michel Sorrell, Assistant City Manager/Chief Financial Officer

Jessica Geray, Director of Economic Development

Stephanie Mazurkiewicz, Economic Development Specialist

Gene Cervenka, Financial Analyst

William Bingham, City Attorney

Developer/79 HCD Development, LLC

Bob Wunsch, Principal

Wyatt Henderson, Principal

David Howell, Principal

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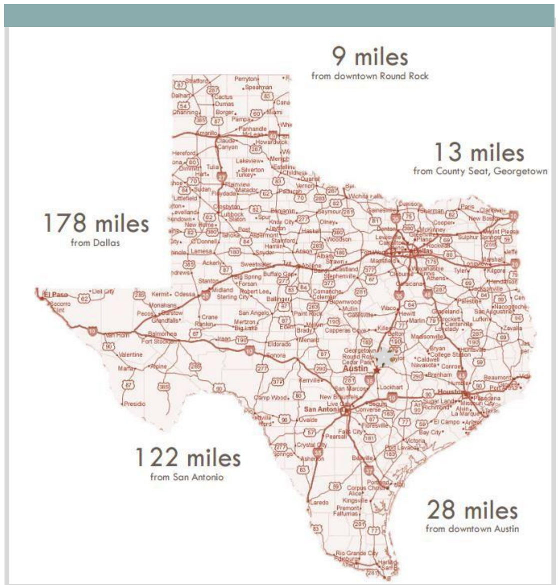
II. INTRODUCTION



Located northeast of Austin in Williamson County, one of the fastest growing counties in the State of Texas since 2010, the City of Hutto ("the City") has experienced rapid growth since 2000. Hutto is now home to an estimated 32,000 people, positioning the City to become a lively and integral part of the Austin Metropolitan region. With recent recognitions including the "Top Place in Texas to Raise a Family", the "#1 Local City (in the Austin area) For Young Couples", "One of the Top 5 Safest Cities in Texas", and "One of the Top 100 Places in Major Markets to Locate a Business", Hutto is consistently ranked as one of the fastest growing and safest cities in the country.

Just 25 minutes from the heart of the Texas State Capitol and 30 minutes from the Austin Bergstrom International Airport via the new SH-130 tollway, the City is well positioned for economic growth. With quick access to State Highway 130, Interstate 35, US Highway 79, and the Union Pacific Red Line, Hutto provides convenient transportation routes to the greater Texas region.

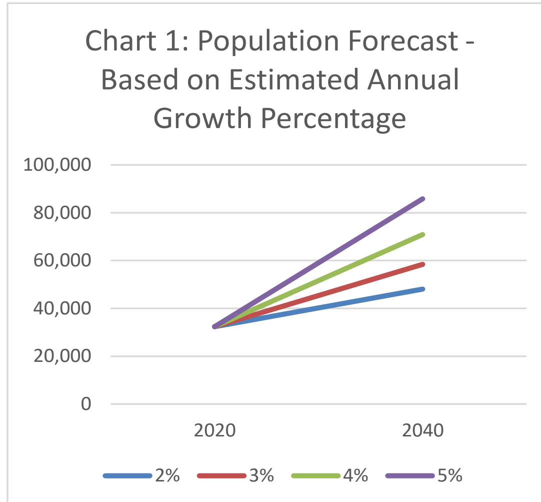
Those who call Hutto home are attracted to its strong sense of community, rich history, affordable housing and attractive neighborhoods, low crime, high performing school district, access to higher education institutions, and plentiful open space; all of which come together to provide a high quality of life just outside of Austin. As the city continues to grow, it aims to be a family-friendly community that provides superior public safety, outstanding fiscal responsibility, a diversified economy, and an exceptional quality of life. Here, the importance of a diverse community is recognized, as it will directly affect the quality of life of the community and its residents.

Given that, the City Council's goal is to take a comprehensive approach towards economic development by focusing their efforts on redevelopment, including the rehabilitation of infill properties such as the Co-Op District, located just west of Hutto's Historic District.

III. HUTTO – AT A GLANCE

DEMOGRAPHICS

Hutto has experienced an estimated 9 percent (9.0%) average annual growth and over 50 percent change in total population change since 2010. Using an annual growth rate of 3%, the City may be home to approximately 60,000 residents in 2040.



With a median age of 32, Hutto has attracted many young families. An estimated 54% of the population consists of families with children under the age of 18 and adults age 25 to 54 comprise an estimated 49% of the population. In addition to a growing population within city limits, the City provides access to over 65,000 people within a 5-mile radius, expanding to over 284,000 people within a 10-mile radius.

An educated workforce is a key to having a dedicated and diverse workforce. With an Independent School District that's experiencing a 97% graduation rate, 15:1 student teacher ratio, and access to multiple nationally recognized higher education institutions, the Hutto community is diverse, skilled, and able to adapt to changing needs within the workforce.

The residents of Hutto have high levels of educational attainment with 27.7 percent of Hutto residents 25 years or older hold a bachelor's degree or higher. Together with a median household income of $113,000, an average household income of $86,184, there is a clear demonstration of the desirability and quality of life that the community offers to people who are educated and high-income earners.

Income and Benefits *(In 2017 Inflation-Adjusted Dollars)*	
Household Income Base	6,451
<$15,000	3.5%
$15,000 - $24,999	4.1%
$25,000 - $34,999	6.3%
$35,000 - $49,999	11.7%
$50,000 - $74,999	22.4%
$75,000 - $99,999	20.6%
$100,000 - $149,999	23.9%
$150,000 - $199,999	4.5%
$200,000+	2.9%

2017 Population 25+ by Educational Attainment	
Total	13,703
Less than 9th grade	4.4%
9th to 12th grade, no diploma	5.1%
High school graduate (includes equivalency)	25.4%
Some college, no degree	28.0%
Associate's degree	9.4%
Bachelor's degree	19.7%
Graduate or professional degree	8.0%

ECONOMIC OUTLOOK

As of 2017, approximately 93 percent (93.0%) of the working population had an average commute of 33 minutes to work outside the city limits. With .66 jobs per household, it is important for economic stability to achieve a citywide job-housing balance with a goal of at least 1 job for every household. As residential development within the city and its Extraterritorial Jurisdiction (ETJ) increase, it is vital for Hutto to focus on productive growth that creates local jobs and diversifies its tax base. The people of Hutto provide a strong foundation for a workforce and consumer market that will help the city become more regionally and nationally competitive. Hutto is in the early stages of its development cycle and needs to develop the economic diversity and depth of business support infrastructure (capital and non-capital) to be competitive in the larger Central Texas regional and national market. Given this, the redevelopment of the Co-Op District, as well as the construction of the additional infrastructure improvements needed to support the desired economic growth, are the key to the creation of a place to live, work and play which will result in a more balanced economy.

IV. TAX INCREMENT REINVESTEMENT ZONE (TIRZ) NUMBER ONE

BACKGROUND

Chapter 311 of the Texas Tax Code (the "Code" or the "Tax Increment Financing Act") "provides for the creation of reinvestment zones to promote development or redevelopment of a contiguous or noncontiguous geographic area that is in the corporate limits of a municipality, in the extra-territorial jurisdiction of a municipality, or in both to be a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future". Tax Increment Financing (TIF) is a method that local governments are allowed to implement to pay for improvements that will draw private investment to their area. TIF financing redirects some of the ad valorem tax from property designated within the designated reinvestment zone to pay for improvements made in the zone. Future incremental tax revenues from each participating taxing unit that levies taxes within the reinvestment zone are used to pay for the cost of improvements within the reinvestment zone. Each taxing unit may dedicate all, or a portion of the tax revenue that is attributable to increased property values caused by improvements within the reinvestment zone. The additional tax revenue generated as a result of the development within the reinvestment zone is referred to as the "tax increment".

January 14, 2018, Ordinance No. O-18-01-04-12A, became effective in accordance with the laws of the State of Texas allowing the City of Hutto, Texas to create Reinvestment Zone Number One. City Council designated the contiguous area lying within the corporate limits of the City, as shown in Exhibit A, to be designated the Reinvestment Zone Number One, otherwise known as the "Co-Op District."

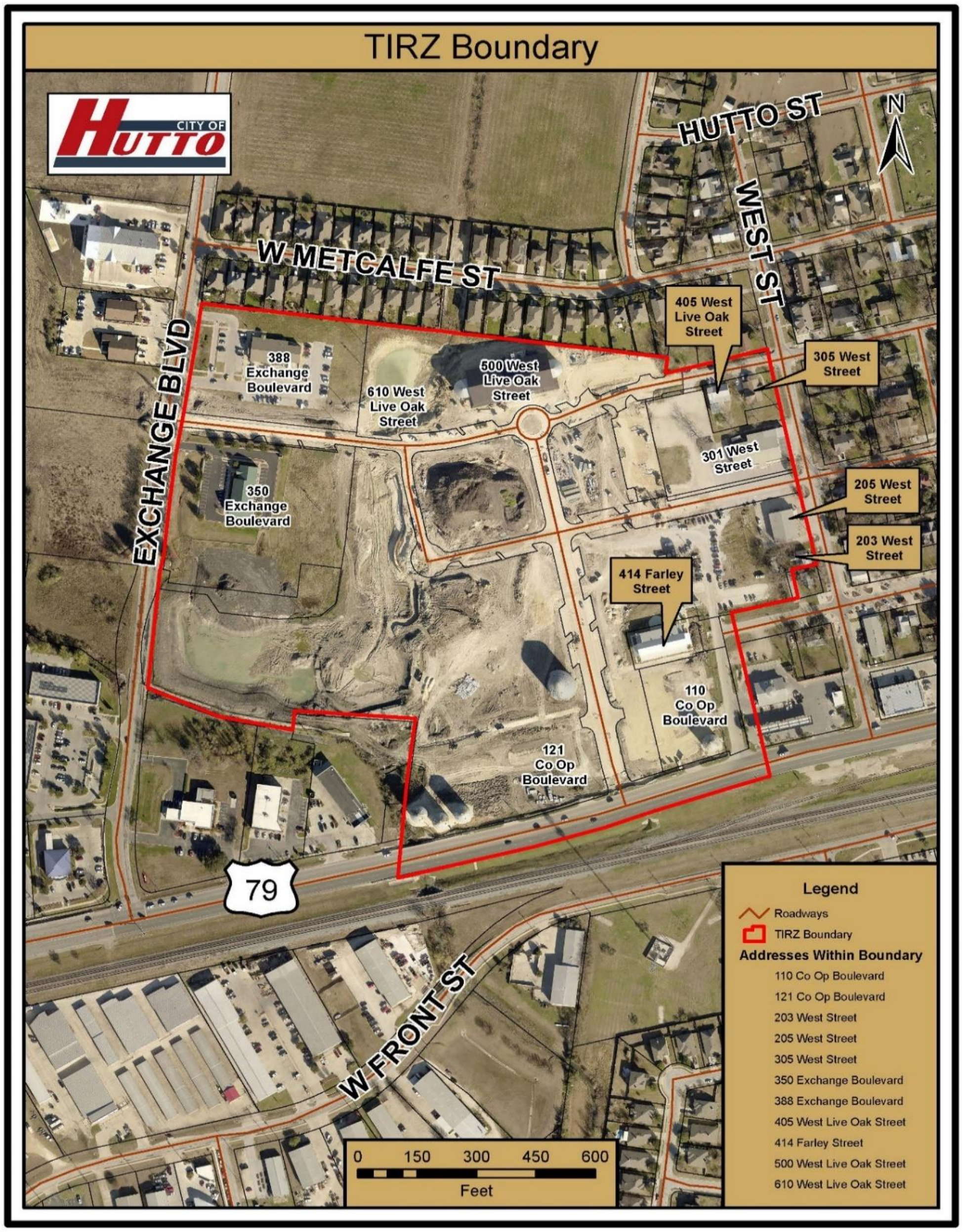
On January 18, 2018, an Interlocal Agreement Regarding Tax Increment Financing was made and entered between Williamson County and the City of Hutto, Texas (the "Interlocal Agreement"). The Texas Tax Code provides the County to enter into an agreement with the governing body which created the Zone (City of Hutto) to participate in the payments of tax increments for certain project costs within the Zone. A tax increment fund ("TIF Fund") was created and is maintained by the City pursuant to the Act as a separate and individual interest-bearing account which all revenues of the Zone will be deposited including deposits of tax increments made by County and City and all accrued interest earned on the cash balance of the fund. Williamson County's Tax Increment Participation shall be a maximum term of 20 years or until the TIF Fund reaches $5,500,000.00. The County's participation percentage shall be 50%. The City agreed to deposit 60% of ad valorem taxes for a period of 40 years. The Hutto Economic Development Corporation agreed to deposit 50% of 4B Sales Tax revenues for a period of 30 years.

As a result of the Interlocal Agreement, a Board of Directors for the Reinvestment Zone Number One was created and consist of five members. Three members were appointed by the City and two members were appointed by the County for a two-year term. The board shall make recommendations to the governing body of the municipality that created the Zone (City of Hutto) concerning the administration of the Zone. A Project and Financing Plan was created and submitted by the Board of Directors to the governing body of the municipality that designated the Zone (City of Hutto). On September 11, 2018, Williamson County Commissioners Court reviewed and approved TIRZ No. 1 Project and Financing Plan and on December 6, 2018, the City of Hutto read and approved a separate PID Service and Assessment Plan that governs the coterminous public improvement district that was established to finance qualified public infrastructure.

In pursuant to the Act, on or before the 150th day following the end of the fiscal year, the Board shall submit to the Chief Executive Officer of each taxing unit that levies property taxes on real property in the Reinvestment Zone, a report on the status of the Zone. This Annual TIRZ No.1 Financing Report needs to be updated and presented annually to all participating taxing units of the Zone.

The Co-Op project was financed using a Public Improvement District Bond whose debt service is paid by a PID assessment. Revenues generated within the TIF fund are used to offset those payments.

TAX REINVESTMENT ZONE NUMBER ONE MAP (as of 02/11/20)



V. STATUTORY REQUIREMENTS

1. **The amount and source of revenue in the Tax Increment Fund established for the Zone: $0.00**
   The Zone has generated ad valorem tax revenues but the funds have not yet been deposited into the Tax Increment Fund The anticipated amount is $37,103.21. TIRZ 4B sales tax reimbursements are expected to be generated beginning in 2020. Any TIRZ revenues, to the extent possible, will be appropriated to offset the costs of the annual installment payments of the PID bond, beginning in year 2021. This is in compliance with the PID Plan which included two years of capitalized interest to pay for the debt service while the project begins.

2. **The amount and purpose of expenditures from the Fund: $0.00**
   To date, no expenditures have been made from the Fund. The first anticipated expenditure comes in 2021 after the two years of capitalized interest have been used to allow for initial construction and buildup of the TIF Fund. Once the Fund has generated revenue from real property improvements within the Zone, expenditures will be used to offset PID annual installments.

3. **The amount of principal and interest due on outstanding bonded indebtedness: $0.00**
   The TIRZ does not have any direct bonded indebtedness outstanding that is secured by tax increment revenue. However, the City has dedicated the TIRZ revenue, to the extent available, to be appropriated to offset the costs of the public infrastructure in the Co-Op project that was financed by a PID bond, issued in the amount of $17,400,000 in December 2018. The PID bond is secured by special assessments levied on benefitted property in the PID. TIRZ revenue generated by the Co-Op project, if available, will be appropriated to offset the costs of the annual PID assessments borne by assessed property owners in the Co-Op PID. The amount of interest payable on the PID bond in 2019 was $847,161.39 and was funded entirely by capitalized interest reserves of the PID bond. The TIRZ revenue is dedicated to be used to offset the annual PID installment. Principal and interest are related to PID bond, since no TIRZ bond was issued.

4. **The tax increment base and current captured appraised value retained by the Zone: $0.00 tax increment base; $7,541,905.00 current captured appraised value**
   Per Chapter 311. Tax Increment Financing Act Sec. 311.012 (b), the captured appraised value of real property taxable by a taxing unit for a year is the total taxable value of all real property taxable by the unit and located in a reinvestment zone for that year less the tax increment base of the unit. Total taxable values for the property located within the TIRZ were obtained from the Williamson Central Appraisal District (WCAD) website.

5. **The captured appraised value shared by the municipality or county and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality or county. $7,541,905.00 captured appraised value; $0.00 tax increments received**

RESOLUTION NO. R________________________.

A RESOLUTION APPROVING THE 2019 CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE (TIRZ) ANNUAL PROJECT AND FINANCING REPORT.

WHEREAS, Chapter 311 of the Code provides for the creation of reinvestment zones to promote development or redevelopment of a contiguous or noncontiguous geographic area that is in the corporate limits of a municipality, in the extra-territorial jurisdiction of a municipality, or in both, if the governing body of the city determines that development or development would not occur solely through private investment in the reasonably foreseeable future;

WHEREAS, the City approved Ordinance No. O-18-01-04-12A on final approval on the 4th day of January 2018, creating the Reinvestment Zone No. 1, City of Hutto, Texas, within an area within the City ("Zone");

WHEREAS, the City Council approved Ordinance No. O-18-12-06-9B on final approval on the 6th day of December, 2018, approving a Project and Financing Plan for the Zone;

WHEREAS, Chapter 311 of the Code requires the submission of an annual finance report on the status of the Zone, on nor before the 150th day following the end of the fiscal year of the municipality. The governing body of the municipality shall submit the annual finance report to each taxing unit that levies property taxes on real property in the Zone;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS:

The proposed annual financing report for the Zone is approved by the Council.

CONSIDERED and RESOLVED by the City Council of the City of Hutto on this the ________day of ____________**, 2020.**

THE CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, City Secretary

RESOLUTION NO. R________________________.

A RESOLUTION APPROVING THE 2019 CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE (TIRZ) ANNUAL PROJECT AND FINANCING REPORT.

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THE CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, City Secretary

HUTTO CO-OP
HUTTO, TEXAS

CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE

PROJECT AND FINANCING PLAN

CITY OF HUTTO, TEXAS
WILLIAMSON COUNTY, TEXAS
79 HCD DEVELOPMENT, LLC

August 28, 2018

City of Hutto

Co-Op District TIRZ

Mayor Doug Gaul

Mayor Pro Tem Tom Hines, **PLACE 2**

Council Member Scott Rose, **PLACE 1**

Council Member Nate Killough, **PLACE 3**

Council Member Tim Jordan, **PLACE 4**

Council Member Patti Turner, **PLACE 5**

Council Member Terri Grimm, **PLACE 6**

Odis Jones, City Manager

City Staff

Helen Ramirez, AICP Assistant City Manager

Anthony Emadi, Chief Financial Officer

Jessica Bullock, Economic Development Director

William Bingham, City Attorney

Developer/79 HCD Development, LLC

Bob Wunsch, Principal

Wyatt Henderson, Principal

David Howell, Principal

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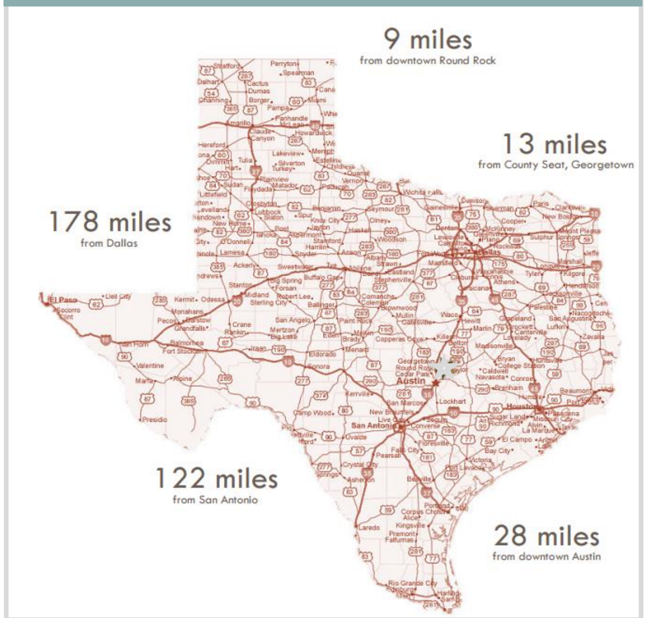
I. INTRODUCTION

Image 1: Regional Context



Located northeast of Austin in Williamson County, the fourth-fastest growing county in the State of Texas, the City of Hutto ("the City") has experienced rapid growth since 2000. Once a rural Texas town with a population of 1,250 in 2000; Hutto is now home to an estimated 27,000 people, positioning the City to become a lively and integral part of the Austin Metropolitan region. With recent recognitions including the "Top Place in Texas to Raise a Family", the "#1 Local City (in the Austin area) For Young Couples", "One of the Top 5 Safest Cities in Texas", and "One of the Top 100 Places in Major Markets to Locate a Business", Hutto is consistently ranked as one of the fastest growing and safest cities in the country.

Just 25 minutes from the heart of the Texas State Capitol and 30 minutes from the Austin Bergstrom International Airport via the new SH-130 tollway, the City is well positioned for economic growth. With quick access to State Highway 130, Interstate 35, US Highway 79, and the Union Pacific Red Line, Hutto provides convenient transportation routes to the greater Texas region.

Those who call Hutto home are attracted to its strong sense of community, rich history, affordable housing and attractive neighborhoods, low crime, high performing school district, access to higher education institutions, and plentiful open space; all of which come together to provide a high quality of life just outside of Austin. As the city continues to grow, it aims to be a family-friendly community that provides superior public safety, outstanding fiscal responsibility, a diversified economy, and an exceptional quality of life. Here, the importance of a diverse community is recognized, as it will directly affect the quality of life of the community and its residents.

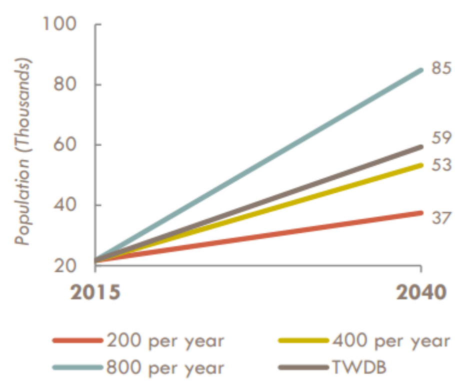
Given that, the City Council's goal is to take a comprehensive approach towards economic development by focusing their efforts on redevelopment, including the rehabilitation of infill properties such as the Co-Op District, located just west of Hutto's Historic District.

II. HUTTO – AT A GLANCE

DEMOGRAPHICS

Hutto has experienced an estimated 6 percent (6.0%) average annual growth and over 50 percent (50.0%) change in total population change since 2010. Using historical residential permit patterns, the City may be home to over 85,000 residents in 2040.

Chart 1: Population Forecasts – Using Estimated Number of Permits



City of Hutto, Texas Water Development Board

With a median age of 33, Hutto has attracted many young families. Just over half of the population consists of families with children under the age of 18 and adults age 25 to 54. In addition to a growing population within city limits, the City provides access to over 65,000 people within a 5-mile radius, expanding to over 284,000 people within a 10-mile radius.

An educated workforce is a key to having a dedicated and diverse workforce. With an Independent School District that experiencing a 97% graduation rate and access to multiple nationally recognized higher education institutions, the Hutto community is diverse, skilled, and able to adapt to changing needs within the workforce.

The residents of Hutto have high levels of educational attainment with 22 percent of Hutto residents 25 years or older hold a bachelor's degree or higher. Together with a median household income of $73,855, an average household income of $80,603 within city limits, and an average household income in the primary trade area of $93,371, there is a clear demonstration of the desirability and quality of life that the community offers to people who are educated and high-income earners.

Table 1: 2016 Population 25+ by Educational Attainment

Total	12,498
Less than 9th Grade	3.7%
9th - 12th Grade, No Diploma	2.7%
High School Graduate	23.3%
GED/Alternative Credential	4.1%
Some College, No Degree	32.8%
Associate Degree	10.9%
Bachelor's Degree	17.9%
Graduate/Professional Degree	4.7%

Table 2: 2016 Households by Income

Household Income Base	6,641
<$15,000	5.9%
$15,000 - $24,999	3.2%
$25,000 - $34,999	4.1%
$35,000 - $49,999	10.8%
$50,000 - $74,999	26.9%
$75,000 - $99,999	23.5%
$100,000 - $149,999	19.5%
$150,000 - $199,999	4.3%
$200,000+	1.8%

U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

ECONOMIC OUTLOOK

As of 2015, approximately 88 percent (88.0%) of the working population commutes an average 27 minutes to work outside the city limits. With .66 jobs per household, it is important for economic stability to achieve a citywide job-housing balance with a goal of at least 1 job for every household. As residential development within the city and its Extraterritorial Jurisdiction (ETJ) increase, it is vital for Hutto to focus on productive growth that creates local jobs and diversifies its tax base. The people of Hutto provide a strong foundation for a workforce and consumer market that will help the city become more regionally and nationally competitive. Hutto is in the early stages of its development cycle and needs to develop the economic diversity and depth of business support infrastructure (capital and non-capital) to be competitive in the larger Central Texas regional and national market.

Given this, the redevelopment of the Co-Op District, as well as the construction of the additional infrastructure improvements needed to support the desired economic growth, are the key to the creation of a place to live, work and play which will result in a more balanced economy.

III. GROWTH CORRIDORS & INFRASTRUCTURE

ECONOMIC DEVELOPMENT GROWTH CORRIDORS

At present, the City of Hutto lacks significant shovel-ready, or building ready, sites. Water, wastewater and other critical infrastructure key to significant economic development is lacking in certain areas of the City. The City is therefore constrained in terms of being able to accommodate concentrations of quality, career-oriented employment opportunities that are consistent with the City Council's Strategic Plan.

Through the Future Land Use Map (FLUM) planning process, seven (7) key areas were identified as vital employment and growth corridors – areas that can and should become priority focus areas for public and private sector investment and planning for high quality non-residential development over the next 5, 10, and 20 years. The City, during its planning process, considered the following points when considering these corridors along major highways:

- Promoting development compatible with safe, efficient traffic circulation through sound standards for access management, limited installation of curb cuts, and parking facility connectivity;
- Selectively determining appropriate locations and applied design standards for large commercial developments and other high traffic generating uses;
- Setting quality design standards for all commercial development;
- Encouraging mixed-use, clustered and "village center" development types as alternatives to conventional strip center and stand-alone "pad" sites; and,
- Adding regional and community nodes to key intersections.

These employment and growth areas are those that can eventually accommodate significant concentrations of firms in the economic sectors identified previously. Each of these primary employment corridors offers its own distinct locational advantages and attributes, as well as challenges that will be addressed in order to realize their individual and collective potential for Hutto's continued economic growth. One of the seven employment and growth corridor areas identified includes the Historic Downtown/Co-Op site. S**ection IV THE NEED FOR REDEVELOPMENT** of this Plan identifies the challenges for the existing Co-Op site.

HUTTO'S ECONOMIC DEVELOPMENT POLICY

The City of Hutto adopted an ECONOMIC DEVELOPMENT POLICY on July 20, 2017. This policy document identified the use of tax increment financing as a way of redeveloping open or undeveloped land currently experiencing challenges such as obsolete platting, deteriorating structures or other factors, the substantially impair the growth of the city. The Co-Op District is one of three areas identified as a site that is in need of infrastructure in order to be developed to allow growth to occur west of Old Town. It is currently an undeveloped site, that when developed, will alleviate the immediate and surrounding areas drainage problems and improve traffic circulation with proposed improvements to US Highway 79 and with the extension of Live Oak to the west.

DOWNTOWN HUTTO: HUTTO'S COMMUNITY AND CIVIC HEART

Image 2: The Cotton Gin at the Co-Op

Downtown is a vital intersection of commerce, business, and tourism, and serves as a fundamental cornerstone of our identity and economy. A healthy and vibrant downtown benefits all citizens and businesses of the City. Downtown Hutto is a designated historic district, with a variety of active commercial and retail buildings surrounded by residential and open spaces.

Hutto has the opportunity to create a new Entertainment and Civic District downtown. This area, known as the Co-Op District, is located west of Downtown and is part of the larger Historic Downtown District, with approximately 900 linear feet of access along US Highway 79. The City has an executed development agreement with an affiliate of 79 HCD Development, LLC for this site, specifically to design a new City Hall and Library, with retail and commercial areas throughout, for the creation of an Entertainment District. A Historic Downtown/Co-Op Site Infrastructure Plan has been created and it includes a description of the shared vision of streetscapes, infrastructure, building design standards, and open space/community planning. The proposed TIRZ will specifically address road, drainage and associated utility needs.

Map 1: Downtown Hutto

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IV. THE NEED FOR REDEVELOPMENT

Within and throughout the City's Historic Old Town, Hutto has experienced flooding and traffic congestion. The City is in need of planning and providing for infrastructure related to regional detention, storm sewer and improved road circulation that will not only alleviate local congestion, but regional traffic flow on US Highway 79. These infrastructure improvements will reduce impediments to growth west of Old Town.

A majority of the project area is City-owned and vacant. The City-owned 25 acres contain silos that are no longer functioning. There are also remnants of rail spurs and concrete pads of silos that once stood on the site which need removal. Therefore, the redevelopment of the site will include the following:

- Cleaning up obsolete platting;
- Reusing and relocating, when appropriate, accessory structures; and,
- Improving existing roads and constructing new ones to improve traffic circulation.

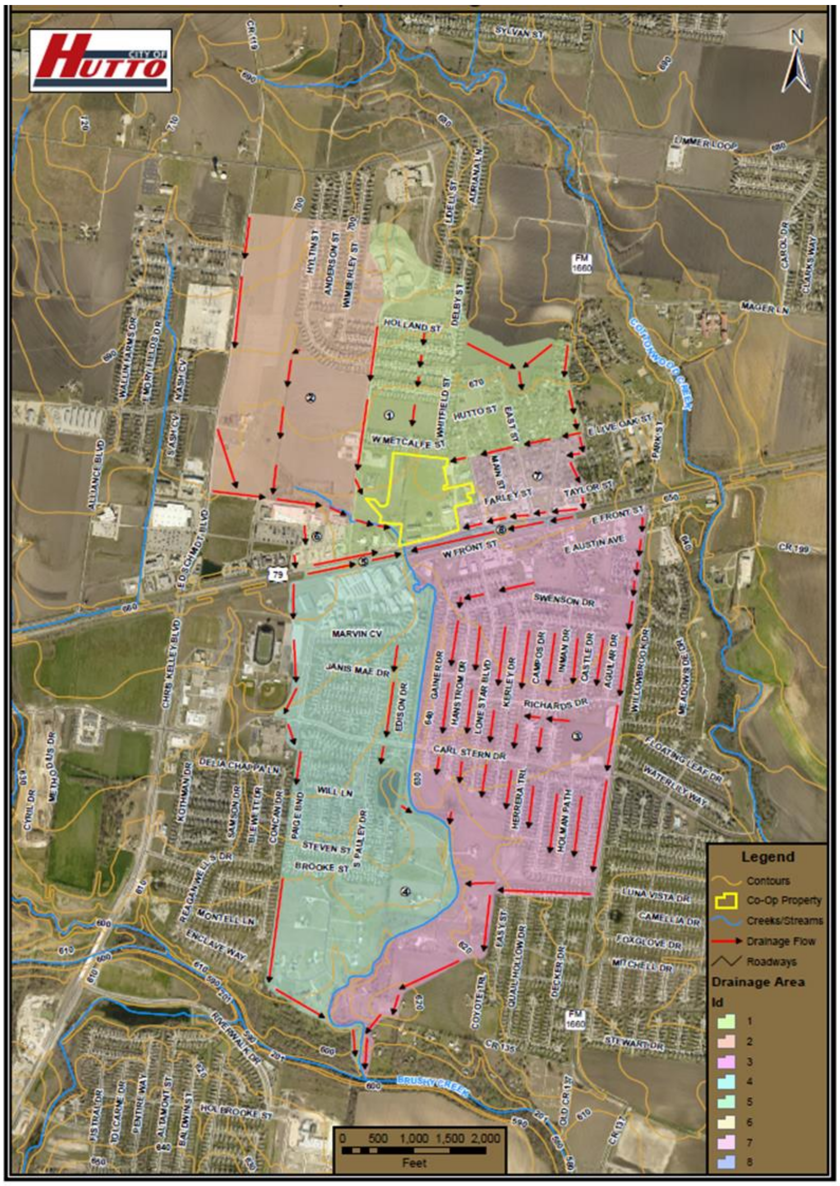
View of project site facing north from US Highway 79

Additional challenges currently experienced within and adjacent to the project site, are the following:

- Open ditches;
- Residents & Businesses experience flooding in streets and alleyways; and,
- Drainage & flooding problems.

Flooding in old town

The following map shows the drainage flow from the north, through the Co-Op District project site draining south, towards US Highway 79:



The following is a floodplain map that shows the areas prone to flooding:

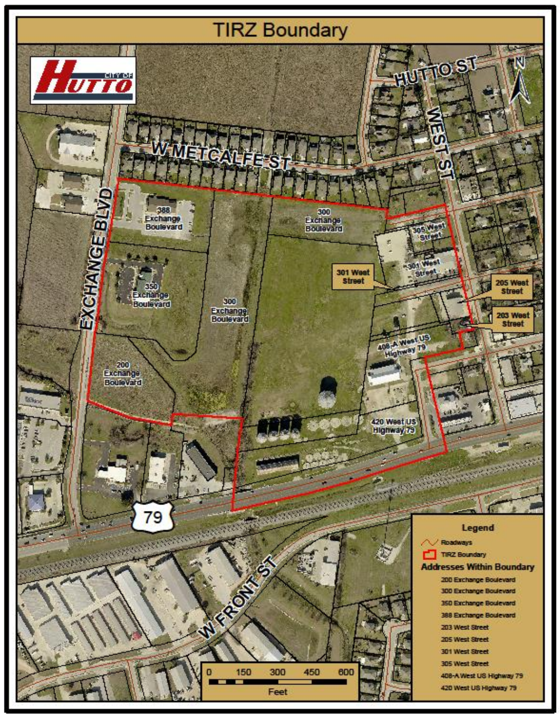
The City of Hutto entered into a Development Agreement with an affiliate of 79 HCD Development, LLC to develop the project site. The City has reached an agreement with Williamson County (“the County”) whereby the County has agreed to participate in a Tax Increment Reinvestment Zone (“TIRZ”) to be created encompassing:

- City property that will be taken down over time by the Developer per the executed Development Agreement;
- Property currently being used as County offices fronting Exchange Boulevard;
- A church and commercial properties fronting West Street.

The inclusion of the County offices will assist with providing the following solutions to the challenges that were identified in the current and previous sections:

- Storm sewer;
- Regional detention on Co- Op site;
- Prepare drainage study; and,
- Take over maintenance of existing drainage ditches currently being provided by various Homeowner Associations.

The following map depicts the proposed TIRZ boundary that includes City-owned property of approximately 26.40 acres, County-owned property of approximately 4.47 acres, United States Postal Service-owned property of approximately 2.81 acres, and privately owned property of approximately 6.38 acres for a total of approximately 40.86 acres of land.



The creation of the TIRZ is necessary as neither the City or the County alone can fund the public improvements needed to remove the current constraints to the redevelopment and growth of the City.

THE CO-OP DISTRICT PUD

79 HCD Development, LLC has prepared, submitted and obtained approval from the City for a Co-Op District Planned Unit Development (PUD) that is zoned for mixed use and includes Design Guidelines so as to ensure that high quality development is built. The following is a concept plan for the Project:

The following drawing shows the planned infrastructure throughout the District, including the extension of West Live Oak towards Exchange Boulevard, in addition to, the regional drainage ponds:

High quality infrastructure and design guidelines include active open space and amphitheatre area.

V. PRELIMINARY PROJECT PLAN

TIRZ districts permit a jurisdiction, or a group of jurisdictions working together, to permit the incremental fiscal benefits generated by a project to fund the cost of qualified public improvements. Typically, the tax year in which a jurisdiction establishes the TIRZ sets the real property assessed value base (base year). For each year in the life of the TIRZ, a special fund captures the tax revenue generated from the difference between the base-year assessed value and that year's assessed value. Other taxing jurisdictions can choose to direct all or a portion of their tax revenues into the TIRZ. An appointed board of directors ("TIRZ Board") chooses how to spend the money captured in the TIRZ fund based on agreements negotiated between the TIRZ, the effected jurisdictions and an Owner of a project. This value generating process is outlined below:

Exhibit A

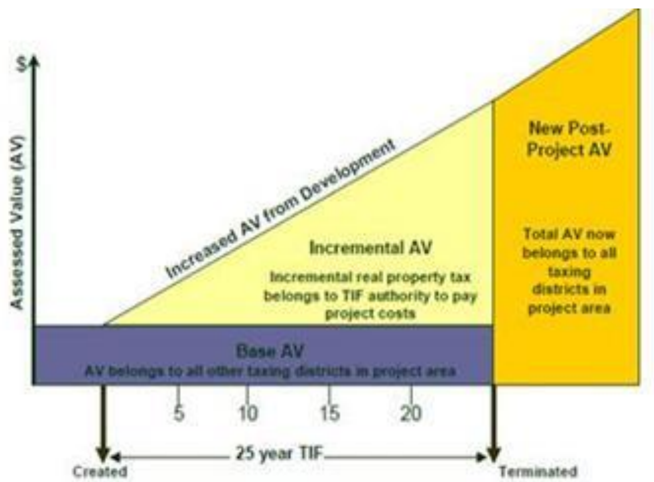


Exhibit A illustrates how rising tax revenue from greater appraised value in a TIRZ zone flows with time to a taxing jurisdiction's general fund and to a TIRZ fund. The sloped lines depict tax revenue rising with time. When the TIRZ expires or terminates, the amount of real property tax revenue to the City will increase sharply since a portion of the real property tax revenue is no longer part of the TIRZ fund. Inclusion of property in a TIRZ zone does not change the tax rate for any property. Tax rates in a TIRZ zone are the same as tax rates outside the zone and within the same set of taxing jurisdictions.

The Co-Op TIRZ will be comprised of approximately 40.49 acres and will include all of the approximately 35.10 acres of real property that comprises the Hutto Co-Op Public Improvement District (the "PID"), as more fully described in the PID Service and Assessment Plan ("SAP") adopted by the City in connection with the levy of special assessments for the PID.

The TIRZ will terminate on the earlier of (1) the date the TIRZ Board ("the Board") certifies to the City that all project costs have been paid and any monies remaining in the tax increment fund has been paid to the City and other taxing units levying taxes on property within the TIRZ or (2) the date that there is a unanimous determination by all members of the Board that all project costs or other obligations have been paid in full. The Board will have the right to allocate excess TIRZ Revenues, if any, to fund additional improvements not being funded by the PID.

PROPOSED DEVELOPMENT PLAN

The Project's proposed development plan, per the Concept Plan presented in **Section IV,** is summarized below:

Building	Land Use	Units/SF
1	Restaurant	12,000
2	Restaurant	12,000
3	Retail/Office	6,000
4	Bank	3,000
5	Restaurant	5,500
6	Retail/Office	20,000
7	Retail/Office	33,000
8	Retail/Office	12,000
9	Multi-Family	132
10	Retail/Office	45,000
11	Retail/Office	15,000
12	Retail/Office	40,000
13	Hotel	140
14	Retail/Office	36,000
15	Retail/Office	32,000
16	Multi-Family	104
17	City Hall	40,000
18	Entertainment	39,000
19	Restaurant	4,000

DESCRIPTION OF PROJECTS WITHIN THE TIRZ

As described further in **Section VI – Preliminary Financing Plan**, the TIRZ revenues applied to reduce the annual installments due under the PID. As described in the SAP, the Authorized Improvements (as defined in the SAP) will consist of the following:

The following table presents the costs of the Authorized Improvements:

	Phase		
Cost Category	**1**	**2**	**Total**
The Lakes - Landscaping	$ 2,971,412	$ -	$ 2,971,412
Streets - Landscaping	$ 1,972,340	$ -	$ 1,972,340
City Hall Landscaping	$ 833,124	$ -	$ 833,124
Signage, Monumentation & Parking Lots	$ 1,371,001	$ -	$ 1,371,001
Town Green	$ 2,986,338	$ -	$ 2,986,338
Excavation, Water, Sewer, Drainage & Paving	$ 3,645,895	$ 630,000	$ 4,275,895
Landscape, Hardscape, Site Furnishings, Lighting		$ 155,000	$ 155,000
Parking Lots	$ 4,416,343	$ -	$ 4,416,343
Highway 79 Construction & Engineering	$ 1,404,936	$ -	$ 1,404,936
Parking Garage #1	$ -	$ 4,567,500	$ 4,567,500
Parking Garage #2	$ -	$ 1,522,500	$ 1,522,500
Parking Garage #3	$ -	$ 4,567,500	$ 4,567,500
Engineering	$ 144,227	$ 250,000	$ 394,227
Contingency	$ 678,713	$ 78,500	$ 757,213
Project Management Fee	$ 1,835,672	$ 588,550	$ 2,424,222
Total	**$ 22,260,000**	**$ 12,359,550**	**$ 34,619,550**

VI. PRELIMINARY FINANCING PLAN

PROPOSED TIRZ PROJECTS

Section 311.002 of the Tax Increment Financing Act defines project costs as "the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public Improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations."

PROJECT COSTS

- Capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;
- Financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;
- Real property assembly costs;
- Professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;
- Imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;
- Municipality or county in connection with the implementation of a project plan;
- Relocation costs;
- Organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;
- Interest before and during construction and for one year after completion of construction, whether or not capitalized;
- The cost of operating the reinvestment zone and project facilities;
- The amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan;
- The costs of school buildings, other educational buildings, other educational facilities, or other buildings owned by or on behalf of a school district, community college district, or other political subdivision of this state; and,

- Payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

METHOD OF FINANCING

The real property that makes up the TIRZ and the PID is expected to be developed in one or more phases with the PID financing Authorized Improvements as approved by the City. PID Special Assessments will be levied on Assessed Property (as defined in the SAP) within the PID. City owned and other non-benefitted property will not be subject to PID Special Assessments.

The City does not plan to issue TIRZ Bonds to finance the costs that make up the TIRZ Projects. Rather, the City will utilize a PID, as described in the SAP, secured by the PID Special Assessments on the Assessed Property to purchase through an installment sale the projects that represent the TIRZ Projects. After the creation of the TIRZ, and, if and when TIRZ Revenues become available as a result of real property improvements within the TIRZ, the resulting tax increment revenues within the TIRZ will, to the extent authorized by law, be used to offset PID annual installments for the benefit of the TIRZ Project Plan. It is agreed that the base taxable value for calculation of the TIRZ Revenues is $0.

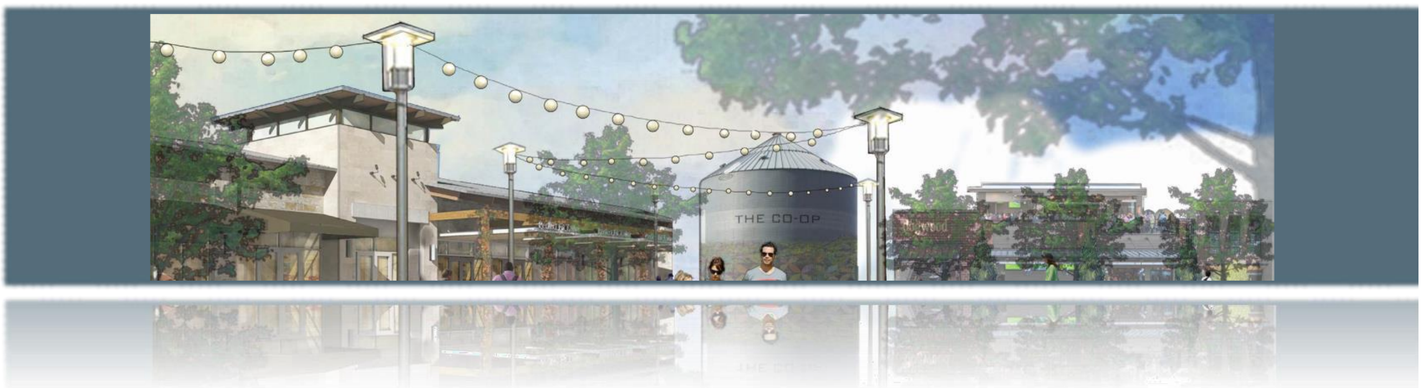
A summary of the funding sources for the TIRZ is presented below:

Jurisdiction	Tax Source	TIRZ Contribution Rate	Term
City of Hutto	Ad Valorem Taxes	60.0%	40 years
Williamson County*	Ad Valorem Taxes	50.0%	20 years
Hutto Economic Development Corporation	4B Sales Taxes	50.0%	30 years

* - Williamson County's TIRZ Contribution is subject to a maximum of $5,500,000 and net of the County's Ad Valorem Rate Allocated to Debt Service

Projected TIRZ Revenues presented in the table below utilize the Concept Plan and estimated future assessed values and sales revenues as provided by the Developer:

TIRZ Year Ended	Projected Assessed Value	Ad Valorem Rate - City	Total City Ad Valorem TIRZ Revenues	Ad Valorem Rate - County Net of Debt Service Rate	Total County Ad Valorem TIRZ Revenues	Total Sales Revenue	EDC TIRZ Sales Tax Rate	Total EDC Sales Tax TIRZ Revenues	Total TIRZ Revenue Available
12/31/2018	$ -	$ 0.515171	$ -	$ 0.259029	$ -	$ -	0.25%	$ -	$ -
12/31/2019	$ 15,849,000	$ 0.515171	$ 48,990	$ 0.259029	$ 20,527	$ 7,188,000	0.25%	$ 17,970	$ 35,700
12/31/2020	$ 32,754,600	$ 0.515171	$ 101,245	$ 0.259029	$ 42,422	$ 14,855,200	0.25%	$ 37,138	$ 180,805
12/31/2021	$ 55,999,800	$ 0.515171	$ 173,097	$ 0.259029	$ 72,528	$ 25,397,600	0.25%	$ 63,494	$ 309,119
12/31/2022	$ 140,880,000	$ 0.515171	$ 435,464	$ 0.259029	$ 182,460	$ 47,920,000	0.25%	$ 119,800	$ 737,724
12/31/2023	$ 144,402,000	$ 0.515171	$ 446,350	$ 0.259029	$ 187,022	$ 49,118,000	0.25%	$ 122,795	$ 756,167
12/31/2024	$ 148,012,050	$ 0.515171	$ 457,509	$ 0.259029	$ 191,697	$ 50,345,950	0.25%	$ 125,865	$ 775,071
12/31/2025	$ 151,712,351	$ 0.515171	$ 468,947	$ 0.259029	$ 196,489	$ 51,604,599	0.25%	$ 129,011	$ 794,448
12/31/2026	$ 155,505,160	$ 0.515171	$ 480,670	$ 0.259029	$ 201,402	$ 52,894,714	0.25%	$ 132,237	$ 814,309
12/31/2027	$ 159,392,789	$ 0.515171	$ 492,687	$ 0.259029	$ 206,437	$ 54,217,082	0.25%	$ 135,543	$ 834,667
12/31/2028	$ 163,377,609	$ 0.515171	$ 505,004	$ 0.259029	$ 211,598	$ 55,572,509	0.25%	$ 138,931	$ 855,533
12/31/2029	$ 167,462,049	$ 0.515171	$ 517,630	$ 0.259029	$ 216,888	$ 56,961,821	0.25%	$ 142,405	$ 876,922
12/31/2030	$ 171,648,600	$ 0.515171	$ 530,570	$ 0.259029	$ 222,310	$ 58,385,867	0.25%	$ 145,965	$ 898,845
12/31/2031	$ 175,939,815	$ 0.515171	$ 543,835	$ 0.259029	$ 227,868	$ 59,845,514	0.25%	$ 149,614	$ 921,316
12/31/2032	$ 180,338,311	$ 0.515171	$ 557,430	$ 0.259029	$ 233,564	$ 61,341,651	0.25%	$ 153,354	$ 944,349
12/31/2033	$ 184,846,768	$ 0.515171	$ 571,366	$ 0.259029	$ 239,403	$ 62,875,193	0.25%	$ 157,188	$ 967,958
12/31/2034	$ 189,467,938	$ 0.515171	$ 585,650	$ 0.259029	$ 245,388	$ 64,447,072	0.25%	$ 161,118	$ 992,156
12/31/2035	$ 194,204,636	$ 0.515171	$ 600,292	$ 0.259029	$ 251,523	$ 66,058,249	0.25%	$ 165,146	$ 1,016,960
12/31/2036	$ 199,059,752	$ 0.515171	$ 615,299	$ 0.259029	$ 257,811	$ 67,709,706	0.25%	$ 169,274	$ 1,042,384
12/31/2037	$ 204,036,246	$ 0.515171	$ 630,681	$ 0.259029	$ 264,257	$ 69,402,448	0.25%	$ 173,506	$ 1,068,444
12/31/2038	$ 209,137,152	$ 0.515171	$ 646,448	$ 0.259029	$ -	$ 71,137,509	0.25%	$ 177,844	$ 824,292
12/31/2039	$ 214,365,581	$ 0.515171	$ 662,610	$ 0.259029	$ -	$ 72,915,947	0.25%	$ 182,290	$ 844,899
12/31/2040	$ 219,724,720	$ 0.515171	$ 679,175	$ 0.259029	$ -	$ 74,738,846	0.25%	$ 186,847	$ 866,022
12/31/2041	$ 225,217,838	$ 0.515171	$ 696,154	$ 0.259029	$ -	$ 76,607,317	0.25%	$ 191,518	$ 887,672
12/31/2042	$ 230,848,284	$ 0.515171	$ 713,558	$ 0.259029	$ -	$ 78,522,500	0.25%	$ 196,306	$ 909,864
12/31/2043	$ 236,619,491	$ 0.515171	$ 731,397	$ 0.259029	$ -	$ 80,485,562	0.25%	$ 201,214	$ 932,611
12/31/2044	$ 242,534,978	$ 0.515171	$ 749,682	$ 0.259029	$ -	$ 82,497,701	0.25%	$ 206,244	$ 955,926
12/31/2045	$ 248,598,353	$ 0.515171	$ 768,424	$ 0.259029	$ -	$ 84,560,144	0.25%	$ 211,400	$ 979,824
12/31/2046	$ 254,813,312	$ 0.515171	$ 787,635	$ 0.259029	$ -	$ 86,674,148	0.25%	$ 216,685	$ 1,004,320
12/31/2047	$ 261,183,645	$ 0.515171	$ 807,325	$ 0.259029	$ -	$ 88,841,001	0.25%	$ 222,103	$ 1,029,428
12/31/2048	$ 267,713,236	$ 0.515171	$ 827,509	$ 0.259029	$ -	$ 91,062,026	0.00%	$ -	$ 827,509
12/31/2049	$ 274,406,067	$ 0.515171	$ 848,196	$ 0.259029	$ -	$ 93,338,577	0.00%	$ -	$ 848,196
12/31/2050	$ 281,266,218	$ 0.515171	$ 869,401	$ 0.259029	$ -	$ 95,672,041	0.00%	$ -	$ 869,401
12/31/2051	$ 288,297,874	$ 0.515171	$ 891,136	$ 0.259029	$ -	$ 98,063,842	0.00%	$ -	$ 891,136
12/31/2052	$ 295,505,321	$ 0.515171	$ 913,415	$ 0.259029	$ -	$ 100,515,438	0.00%	$ -	$ 913,415
12/31/2053	$ 302,892,954	$ 0.515171	$ 936,250	$ 0.259029	$ -	$ 103,028,324	0.00%	$ -	$ 936,250
12/31/2054	$ 310,465,277	$ 0.515171	$ 959,656	$ 0.259029	$ -	$ 105,604,032	0.00%	$ -	$ 959,656
12/31/2055	$ 318,226,909	$ 0.515171	$ 983,648	$ 0.259029	$ -	$ 108,244,133	0.00%	$ -	$ 983,648
12/31/2056	$ 326,182,582	$ 0.515171	$ 1,008,239	$ 0.259029	$ -	$ 110,950,237	0.00%	$ -	$ 1,008,239
12/31/2057	$ 334,337,147	$ 0.515171	$ 1,033,445	$ 0.259029	$ -	$ 113,723,993	0.00%	$ -	$ 1,033,445
Totals			**$ 25,276,019**		**$ 3,671,593**			**$ 4,432,805**	**$ 33,328,631**



HUTTO CO-OP
HUTTO, TEXAS

CO-OP DISTRICT TAX INCREMENT REINVESTMENT ZONE

2019 ANNUAL PROJECT AND FINANCING REPORT

CITY OF HUTTO, TEXAS
WILLIAMSON COUNTY, TEXAS
79 HCD DEVELOPMENT, LLC

February 27, 2020

City of Hutto

Co-Op District TIRZ

Mayor Doug Gaul

Mayor Pro Tem Tom Hines, **PLACE 2**

Council Member Scott Rose, **PLACE 1**

Council Member Mike Snyder, **PLACE 3**

Council Member Peter Gordon, **PLACE 4**

Council Member Patti Martinez, **PLACE 5**

Council Member Tanner Rose, **PLACE 6**

Charles Daniels, Interim City Manager

City Staff

Byron Frankland, Assistant City Manager

Michel Sorrell, Assistant City Manager/Chief Financial Officer

Jessica Geray, Director of Economic Development

Stephanie Mazurkiewicz, Economic Development Specialist

Gene Cervenka, Financial Analyst

William Bingham, City Attorney

Developer/79 HCD Development, LLC

Bob Wunsch, Principal

Wyatt Henderson, Principal

David Howell, Principal

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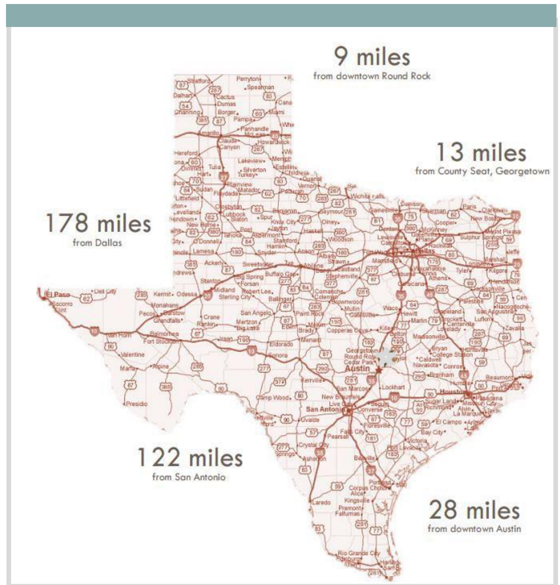
II. INTRODUCTION



Located northeast of Austin in Williamson County, one of the fastest growing counties in the State of Texas since 2010, the City of Hutto ("the City") has experienced rapid growth since 2000. Hutto is now home to an estimated 32,000 people, positioning the City to become a lively and integral part of the Austin Metropolitan region. With recent recognitions including the "Top Place in Texas to Raise a Family", the "#1 Local City (in the Austin area) For Young Couples", "One of the Top 5 Safest Cities in Texas", and "One of the Top 100 Places in Major Markets to Locate a Business", Hutto is consistently ranked as one of the fastest growing and safest cities in the country.

Just 25 minutes from the heart of the Texas State Capitol and 30 minutes from the Austin Bergstrom International Airport via the new SH-130 tollway, the City is well positioned for economic growth. With quick access to State Highway 130, Interstate 35, US Highway 79, and the Union Pacific Red Line, Hutto provides convenient transportation routes to the greater Texas region.

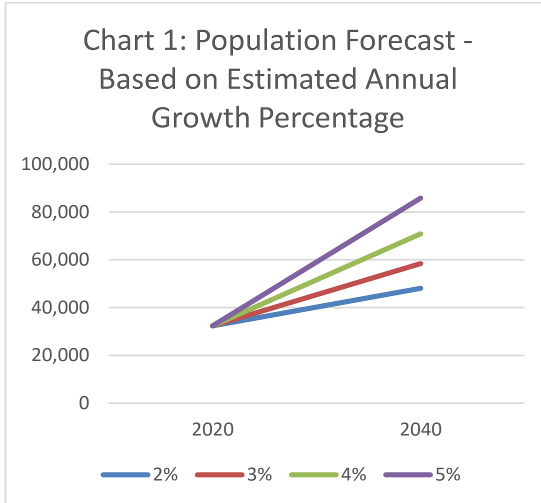
Those who call Hutto home are attracted to its strong sense of community, rich history, affordable housing and attractive neighborhoods, low crime, high performing school district, access to higher education institutions, and plentiful open space; all of which come together to provide a high quality of life just outside of Austin. As the city continues to grow, it aims to be a family-friendly community that provides superior public safety, outstanding fiscal responsibility, a diversified economy, and an exceptional quality of life. Here, the importance of a diverse community is recognized, as it will directly affect the quality of life of the community and its residents.

Given that, the City Council's goal is to take a comprehensive approach towards economic development by focusing their efforts on redevelopment, including the rehabilitation of infill properties such as the Co-Op District, located just west of Hutto's Historic District.

III. HUTTO – AT A GLANCE

DEMOGRAPHICS

Hutto has experienced an estimated 9 percent (9.0%) average annual growth and over 50 percent change in total population change since 2010. Using an annual growth rate of 3%, the City may be home to approximately 60,000 residents in 2040.



With a median age of 32, Hutto has attracted many young families. An estimated 54% of the population consists of families with children under the age of 18 and adults age 25 to 54 comprise an estimated 49% of the population. In addition to a growing population within city limits, the City provides access to over 65,000 people within a 5-mile radius, expanding to over 284,000 people within a 10-mile radius.

An educated workforce is a key to having a dedicated and diverse workforce. With an Independent School District that's experiencing a 97% graduation rate, 15:1 student teacher ratio, and access to multiple nationally recognized higher education institutions, the Hutto community is diverse, skilled, and able to adapt to changing needs within the workforce.

The residents of Hutto have high levels of educational attainment with 27.7 percent of Hutto residents 25 years or older hold a bachelor's degree or higher. Together with a median household income of $113,000, an average household income of $86,184, there is a clear demonstration of the desirability and quality of life that the community offers to people who are educated and high-income earners.

Income and Benefits *(In 2017 Inflation-Adjusted Dollars)*	
Household Income Base	6,451
<$15,000	3.5%
$15,000 - $24,999	4.1%
$25,000 - $34,999	6.3%
$35,000 - $49,999	11.7%
$50,000 - $74,999	22.4%
$75,000 - $99,999	20.6%
$100,000 - $149,999	23.9%
$150,000 - $199,999	4.5%
$200,000+	2.9%

2017 Population 25+ by Educational Attainment	
Total	13,703
Less than 9th grade	4.4%
9th to 12th grade, no diploma	5.1%
High school graduate (includes equivalency)	25.4%
Some college, no degree	28.0%
Associate's degree	9.4%
Bachelor's degree	19.7%
Graduate or professional degree	8.0%

ECONOMIC OUTLOOK

As of 2017, approximately 93 percent (93.0%) of the working population had an average commute of 33 minutes to work outside the city limits. With .66 jobs per household, it is important for economic stability to achieve a citywide job-housing balance with a goal of at least 1 job for every household. As residential development within the city and its Extraterritorial Jurisdiction (ETJ) increase, it is vital for Hutto to focus on productive growth that creates local jobs and diversifies its tax base. The people of Hutto provide a strong foundation for a workforce and consumer market that will help the city become more regionally and nationally competitive. Hutto is in the early stages of its development cycle and needs to develop the economic diversity and depth of business support infrastructure (capital and non-capital) to be competitive in the larger Central Texas regional and national market. Given this, the redevelopment of the Co-Op District, as well as the construction of the additional infrastructure improvements needed to support the desired economic growth, are the key to the creation of a place to live, work and play which will result in a more balanced economy.

IV. TAX INCREMENT REINVESTEMENT ZONE (TIRZ) NUMBER ONE

BACKGROUND

Chapter 311 of the Texas Tax Code (the "Code" or the "Tax Increment Financing Act") "provides for the creation of reinvestment zones to promote development or redevelopment of a contiguous or noncontiguous geographic area that is in the corporate limits of a municipality, in the extra-territorial jurisdiction of a municipality, or in both to be a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future". Tax Increment Financing (TIF) is a method that local governments are allowed to implement to pay for improvements that will draw private investment to their area. TIF financing redirects some of the ad valorem tax from property designated within the designated reinvestment zone to pay for improvements made in the zone. Future incremental tax revenues from each participating taxing unit that levies taxes within the reinvestment zone are used to pay for the cost of improvements within the reinvestment zone. Each taxing unit may dedicate all, or a portion of the tax revenue that is attributable to increased property values caused by improvements within the reinvestment zone. The additional tax revenue generated as a result of the development within the reinvestment zone is referred to as the "tax increment".

January 14, 2018, Ordinance No. O-18-01-04-12A, became effective in accordance with the laws of the State of Texas allowing the City of Hutto, Texas to create Reinvestment Zone Number One. City Council designated the contiguous area lying within the corporate limits of the City, as shown in Exhibit A, to be designated the Reinvestment Zone Number One, otherwise known as the "Co-Op District."

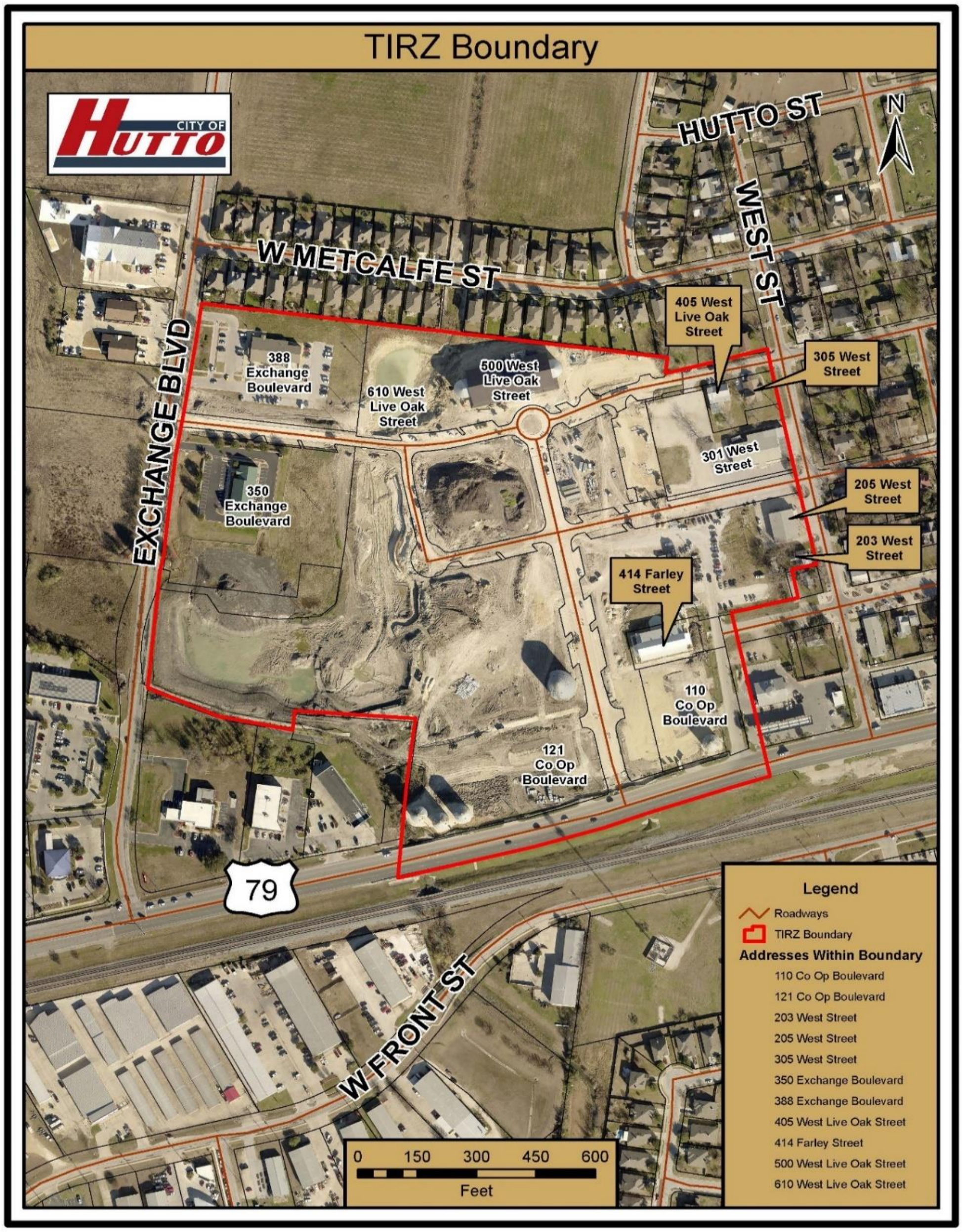
On January 18, 2018, an Interlocal Agreement Regarding Tax Increment Financing was made and entered between Williamson County and the City of Hutto, Texas (the "Interlocal Agreement"). The Texas Tax Code provides the County to enter into an agreement with the governing body which created the Zone (City of Hutto) to participate in the payments of tax increments for certain project costs within the Zone. A tax increment fund ("TIF Fund") was created and is maintained by the City pursuant to the Act as a separate and individual interest-bearing account which all revenues of the Zone will be deposited including deposits of tax increments made by County and City and all accrued interest earned on the cash balance of the fund. Williamson County's Tax Increment Participation shall be a maximum term of 20 years or until the TIF Fund reaches $5,500,000.00. The County's participation percentage shall be 50%. The City agreed to deposit 60% of ad valorem taxes for a period of 40 years. The Hutto Economic Development Corporation agreed to deposit 50% of 4B Sales Tax revenues for a period of 30 years.

As a result of the Interlocal Agreement, a Board of Directors for the Reinvestment Zone Number One was created and consist of five members. Three members were appointed by the City and two members were appointed by the County for a two-year term. The board shall make recommendations to the governing body of the municipality that created the Zone (City of Hutto) concerning the administration of the Zone. A Project and Financing Plan was created and submitted by the Board of Directors to the governing body of the municipality that designated the Zone (City of Hutto). On September 11, 2018, Williamson County Commissioners Court reviewed and approved TIRZ No. 1 Project and Financing Plan and on December 6, 2018, the City of Hutto read and approved a separate PID Service and Assessment Plan that governs the coterminous public improvement district that was established to finance qualified public infrastructure.

In pursuant to the Act, on or before the 150th day following the end of the fiscal year, the Board shall submit to the Chief Executive Officer of each taxing unit that levies property taxes on real property in the Reinvestment Zone, a report on the status of the Zone. This Annual TIRZ No.1 Financing Report needs to be updated and presented annually to all participating taxing units of the Zone.

The Co-Op project was financed using a Public Improvement District Bond whose debt service is paid by a PID assessment. Revenues generated within the TIF fund are used to offset those payments.

TAX REINVESTMENT ZONE NUMBER ONE MAP (as of 02/11/20)



V. STATUTORY REQUIREMENTS

1. **The amount and source of revenue in the Tax Increment Fund established for the Zone: $0.00**
   The Zone has generated ad valorem tax revenues but the funds have not yet been deposited into the Tax Increment Fund The anticipated amount is $36,784.44. TIRZ 4B sales tax reimbursements are expected to be generated beginning in 2020. Any TIRZ revenues, to the extent possible, will be appropriated to offset the costs of the annual installment payments of the PID bond, beginning in year 2021. This is in compliance with the PID Plan which included two years of capitalized interest to pay for the debt service while the project begins.

2. **The amount and purpose of expenditures from the Fund: $0.00**
   To date, no expenditures have been made from the Fund. The first anticipated expenditure comes in 2021 after the two years of capitalized interest have been used to allow for initial construction and buildup of the TIF Fund. Once the Fund has generated revenue from real property improvements within the Zone, expenditures will be used to offset PID annual installments.

3. **The amount of principal and interest due on outstanding bonded indebtedness: $0.00**
   The TIRZ does not have any direct bonded indebtedness outstanding that is secured by tax increment revenue. However, the City has dedicated the TIRZ revenue, to the extent available, to be appropriated to offset the costs of the public infrastructure in the Co-Op project that was financed by a PID bond, issued in the amount of $17,400,000 in December 2018. The PID bond is secured by special assessments levied on benefitted property in the PID. TIRZ revenue generated by the Co-Op project, if available, will be appropriated to offset the costs of the annual PID assessments borne by assessed property owners in the Co-Op PID. The amount of interest payable on the PID bond in 2019 was $847,161.39 and was funded entirely by capitalized interest reserves of the PID bond. The TIRZ revenue is dedicated to be used to offset the annual PID installment. Principal and interest are related to PID bond, since no TIRZ bond was issued.

4. **The tax increment base and current captured appraised value retained by the Zone: $0.00 tax increment base; $7,541,905.00 current captured appraised value**
   Per Chapter 311. Tax Increment Financing Act Sec. 311.012 (b), the captured appraised value of real property taxable by a taxing unit for a year is the total taxable value of all real property taxable by the unit and located in a reinvestment zone for that year less the tax increment base of the unit. Total taxable values for the property located within the TIRZ were obtained from the Williamson Central Appraisal District (WCAD) website.

5. **The captured appraised value shared by the municipality or county and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality or county. $7,541,905.00 captured appraised value; $0.00 tax increments received**