AMENDED

City of Hutto

Agenda

City Council Meeting

Thursday, July 2, 2020 at 7:00 PM

City Council Chambers

In accordance with the Texas Open Meetings Act this meeting agenda is posted for public information, continuously, for at least 72 hours prior to the scheduled time of the meeting on the bulletin board located on the exterior wall of the City Hall building at 500 West Live Oak, Hutto, Texas. This meeting agenda is also accessible via the Internet at www.huttotx.gov

Page

1. CALL SESSION TO ORDER

2. ROLL CALL

3. INVOCATION

4. PLEDGE OF ALLEGIANCE

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 Interest 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.

   5.1. General Comments from City Council

6. PROCLAMATIONS

7. PUBLIC COMMENT

   Public Comments will be allowed via email, phone conference call and walk into Council Chambers for public comment. The purpose of this item is to allow the residents of Hutto and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy or legislative issues).

   Any citizen wishing to speak during public comment may do so after completing the required registration form. Comments for this meeting may also be sent to comments@huttotx.gov PRIOR to 4:00 pm on July 2, 2020. The email must include name, address, phone # and email to be recognized properly.

   Citizens wishing to comment by phone may call:

   One tap mobile

   +13462487799,,84581039387#

   OR

Manual Dial +1 346 248 7799
Toll-free Meeting ID: 845 8103 9387
Those appearing for public comment will be seated in the lobby until called into Council Chambers for comment and then exit the opposite door.
Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (512) 759-4839 during business hours. Each person providing public comment will be limited to 3 minutes.
[Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

8. CITY MANAGER COMMENTS

9. CONSENT AGENDA ITEMS

9.1. Resolution authorizing the Interim City Manager to execute an engagement letter with the audit firm Whitley Penn, LLP for fiscal year 2020 audit. (Michel Sorrell) — 5 - 19

Agenda Item Report - - Pdf
City of Hutto Engagement Letter FY20 Unsigned

9.2. Consideration and possible action on a resolution authorizing the Interim City Manager to execute an agreement for bond counsel legal services with McCall Parkhurst & Horton. (Michel Sorrell) — 20 - 39

Agenda Item Report - AIR-20-277 - Pdf
City of Hutto Engagement Letter - McCall Parkhurst (Bond Counsel)
Hutto Resolution - Authorizing McCall Engagement
NOTICE OF Contract for Contingent Legal Fee (Hutto)

10. ORDINANCES

10.1. Consideration and possible action on the first reading of an ordinance approving a Community Development Corporation budget amendment and expenditure approved by the Community Development Corporation Board of Directors in the amount of $300,000 to fund program administration and loans made available through the Small Business Loan and Disaster Relief Project and $50,000 to fund General Counsel legal services to the Corporation. — 40 - 42

Ordinance-Amendant EDC Type B through 9-30-2020 Revised

11. RESOLUTIONS

12. OTHER BUSINESS

12.1. Discussion and possible action on the next steps, schedule and interview process for the search for the City Manager.

12.2. Discussion, consideration and possible action on the Mayor’s order of June 29, 2020, issued pursuant to the authority of Governor Abbott’s Executive Order GA-28 to make any necessary modifications to protect the public health and safety and reduce the substantial risk of harm to the public related to COVID-19 consistent with the Governor’s executive orders.

12.3. Consideration and Possible Appointments, Re-appointments and/or Removals to City Boards and Commissions.

13. 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].

13.1. Deliberate the duties of the Mayor and City Council Members pursuant to Texas Government Code Section 551.074, Personnel Matters.

14. ACTION RELATIVE TO EXECUTIVE SESSION

14.1. Deliberate the duties of the Mayor and City Council Members pursuant to Texas Government Code Section 551.074, Personnel Matters.

15. ADJOURNMENT

16. CERTIFICATION

I certify that this notice of the **July 2, 2020** Hutto City Council meeting was posted on the City of Hutto website and the City Hall bulletin board of the City of Hutto on **June 26, 2020** at **5:15 P.M.** Amended and re-posted on 6/29/20 @ 6:47 PM

Holly Nagy, *City Secretary*

The City of Hutto is committed to comply with the Americans Disability Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special accommodations must be made 48 hours prior to the meeting. Please email the City Secretary's office at City.Secretary@huttox.gov or call (512) 759-4033 for assistance.

City Council

AGENDA ITEM REPORT

To:	Regular City Council
Subject:	Resolution authorizing the Interim City Manager to execute an engagement letter with the audit firm Whitley Penn, LLP for fiscal year 2020 audit. (Michel Sorrell)
Meeting:	City Council - 02 Jul 2020
Department:	Finance
Staff Contact:	Michel Sorrell

BACKGROUND INFORMATION:

It is a requirement of the City Charter to perform an audit each year over the financial statements of the City. Whitley Penn performed the City of Hutto's audit for the last two years. Whitley Penn was selected by staff and approved by City Council through the bidding process.

FINANCIAL IMPACT:

Whitley Penn is in the third year of a three (3) year agreement to provide audit services. Their estimated fee for the audit of fiscal year 2020 is $74,900.

RECOMMENDATION:

Staff recommends the engagement of Whitley Penn, LLP for the 2020 City Audit.

ATTACHMENTS:

City of Hutto Engagement Letter FY20 Unsigned

whitleypenn

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Austin, TX 78746
737.931.8200 Main

whitleypenn.com

June 15, 2020

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Hutto
500 W. Live Oak Street
Hutto, Texas 78634

You have requested that we audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hutto, Texas (the "City"), as of September 30, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1) Management's Discussion and Analysis
2) Budgetary Comparison Schedule
3) Schedule of Changes in the Net Liability and Related Ratios (Pension and Other Post-Employment Benefits (OPEB))
4) Schedule of Contributions (Pension and OPEB)

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and additional procedures in accordance with U.S. GAAS.. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1) Combining and Individual Fund Statements and Schedules

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

1) Introductory Section
2) Statistical Section

Auditor Responsibilities

We will conduct our audit in accordance with (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the governing body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;

2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. To provide us with:
   a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
   b. Additional information that we may request from management for the purpose of the audit; and
   c. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
4. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
6. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
7. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
8. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
9. For informing us of any known or suspected fraud affecting the City involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
10. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonattest services we perform, City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services could include assistance with the preparation of the financial statements, including government-wide journal entries and note disclosures.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

The City may wish to include our report on these financial statements in an exempt offering document. The City agrees that the aforementioned auditor's report, or reference to Whitley Penn, LLP, will not be included in such offering document without prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement letter. For exempt offerings for which we are not involved, you will clearly indicate that we were not involved with the contents of such offering document and a disclosure as shown below will be included in the exempt offering:

> "Whitley Penn, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Whitley Penn, LLP also has not performed any procedures relating to this offering document."

Provisions of Engagement Administration, Timing and Fees

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	June 2020
Inventory Observation (for material balances)	September 30, 2020 or agreed upon date
Perform year-end audit procedures	February 2021
Issue audit reports	March 2021

Guadalupe R. Garcia, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Whitley Penn, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fee for the audit services will be based on the amount of time required and the difficulty of the work involved which we estimate to be $74,900. The fee estimate for the audit is based on anticipated cooperation from the City's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and payment is due in Tarrant County. You agree to pay reasonable attorney fees and collection costs incurred relating to collection of fees for services performed under the terms of this engagement. In accordance with Whitley Penn, LLP policy, work may be suspended if your account becomes 30 days or more past due and will not resume until your account is paid in full. In addition, invoices not paid in full by the last day of the month will be assessed interest at a rate of one percent per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been complete even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Our final auditors' report will be released upon final payment of any outstanding invoices.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We would like to make the following comments regarding the fee estimates:

1) Our fee estimates have not considered the effects of any changes to auditing standards and accounting principles, which may be promulgated by the AICPA, Congress, or any other regulatory body in the future and are unknown to us at this time. If significant additional time is necessary resulting in increased fees, we will endeavor to notify you of any such circumstances as they are assessed.

2) The City's personnel are responsible for the preparation of all items requested in the Prepared by Client ("PBC") listing and received by the date requested. Any delays caused by not preparing the items when requested may result in additional fees, as well as the possibility of postponing our fieldwork. The PBC listing will be provided to you during the planning process of the engagement.

3) Time incurred for audit adjustments identified during our audit and the related additional testing required has not been considered in our fee estimates. Prior to performing any additional testing, we will notify you of the exceptions and obtain approval for any additional fees which may be incurred.

4) Our fee estimates are based on all general ledger sub ledgers being reconciled to the general ledger balance and any adjustment necessary should be recorded to the general ledger prior to our fieldwork start date.

The ethics of our profession prohibit the rendering of professional services where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services. Accordingly, it is important that our bills be paid promptly when received. If a situation arises in which it may appear that our independence would be questioned because of significant unpaid bills, we may be prohibited from issuing our auditors' report.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the City and Whitley Penn, LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement. Any controversy, dispute, or questions arising out of or in connection with this agreement or our engagement shall be determined by arbitration conducted in accordance with the rules of the American Arbitration Association, and any decision rendered by the American Arbitration Association shall be binding on both parties to this agreement. The costs of any arbitration shall be borne equally by the parties. Any and all claims in arbitration relating to or arising out of this contract/agreement shall be governed by the laws of the State of Texas and to the extent any issue regarding the arbitration is submitted to a court, including the appointment of arbitrators or confirmation of an award, the District courts in Tarrant County shall have exclusive jurisdiction. Any action arising out of this agreement or the services provided shall be initiated within two years of the service provided.

This letter replaces and supersedes any previous proposals, correspondence and understanding, whether written or oral. The agreements contained in this engagement letter shall survive the completion or termination of this engagement.

To ensure that Whitley Penn, LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

In the course of our services, our firm may transmit confidential information that you provided us to third parties in order to facilitate our services. As applicable, we require confidentiality agreements with all our service providers to maintain the confidentiality of your information and additionally the firm will take reasonable precautions to determine that our service providers have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain ultimately responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Whitley Penn, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to your pass-through regulatory entity and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision Whitley Penn, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Honorable Mayor and Members of City Council the following significant findings from the audit:

- Our view about the qualitative aspects of the City's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Whitley Penn LLP

Austin, Texas

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RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of City of Hutto, Texas by:

Name: ____

Title: ____

Date: ____

Name: ____

Title: ____

Date: ____

whitleypenn

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3600 N. Capital of Texas Hwy.
Bldg. B, Suite 250
Austin, TX 78746
737.931.8200 Main

whitleypenn.com

June 15, 2020

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Hutto
500 W. Live Oak Street
Hutto, Texas 78634

You have requested that we audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hutto, Texas (the "City"), as of September 30, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit.

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1) Combining and Individual Fund Statements and Schedules

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In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the governing body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

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1. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;

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3. To provide us with:
   a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
   b. Additional information that we may request from management for the purpose of the audit; and
   c. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
4. For including the auditor’s report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity’s auditor
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
6. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
7. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
8. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
9. For informing us of any known or suspected fraud affecting the City involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
10. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonattest services we perform, City’s management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services could include assistance with the preparation of the financial statements, including government-wide journal entries and note disclosures.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

The City may wish to include our report on these financial statements in an exempt offering document. The City agrees that the aforementioned auditor's report, or reference to Whitley Penn, LLP, will not be included in such offering document without prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement letter. For exempt offerings for which we are not involved, you will clearly indicate that we were not involved with the contents of such offering document and a disclosure as shown below will be included in the exempt offering:

> "Whitley Penn, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Whitley Penn, LLP also has not performed any procedures relating to this offering document."

Provisions of Engagement Administration, Timing and Fees

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	June 2020
Inventory Observation (for material balances)	September 30, 2020 or agreed upon date
Perform year-end audit procedures	February 2021
Issue audit reports	March 2021

Guadalupe R. Garcia, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Whitley Penn, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fee for the audit services will be based on the amount of time required and the difficulty of the work involved which we estimate to be $74,900. The fee estimate for the audit is based on anticipated cooperation from the City's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and payment is due in Tarrant County. You agree to pay reasonable attorney fees and collection costs incurred relating to collection of fees for services performed under the terms of this engagement. In accordance with Whitley Penn, LLP policy, work may be suspended if your account becomes 30 days or more past due and will not resume until your account is paid in full. In addition, invoices not paid in full by the last day of the month will be assessed interest at a rate of one percent per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been complete even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Our final auditors' report will be released upon final payment of any outstanding invoices.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We would like to make the following comments regarding the fee estimates:

1) Our fee estimates have not considered the effects of any changes to auditing standards and accounting principles, which may be promulgated by the AICPA, Congress, or any other regulatory body in the future and are unknown to us at this time. If significant additional time is necessary resulting in increased fees, we will endeavor to notify you of any such circumstances as they are assessed.

2) The City's personnel are responsible for the preparation of all items requested in the Prepared by Client ("PBC") listing and received by the date requested. Any delays caused by not preparing the items when requested may result in additional fees, as well as the possibility of postponing our fieldwork. The PBC listing will be provided to you during the planning process of the engagement.

3) Time incurred for audit adjustments identified during our audit and the related additional testing required has not been considered in our fee estimates. Prior to performing any additional testing, we will notify you of the exceptions and obtain approval for any additional fees which may be incurred.

4) Our fee estimates are based on all general ledger sub ledgers being reconciled to the general ledger balance and any adjustment necessary should be recorded to the general ledger prior to our fieldwork start date.

The ethics of our profession prohibit the rendering of professional services where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services. Accordingly, it is important that our bills be paid promptly when received. If a situation arises in which it may appear that our independence would be questioned because of significant unpaid bills, we may be prohibited from issuing our auditors' report.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the City and Whitley Penn, LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement. Any controversy, dispute, or questions arising out of or in connection with this agreement or our engagement shall be determined by arbitration conducted in accordance with the rules of the American Arbitration Association, and any decision rendered by the American Arbitration Association shall be binding on both parties to this agreement. The costs of any arbitration shall be borne equally by the parties. Any and all claims in arbitration relating to or arising out of this contract/agreement shall be governed by the laws of the State of Texas and to the extent any issue regarding the arbitration is submitted to a court, including the appointment of arbitrators or confirmation of an award, the District courts in Tarrant County shall have exclusive jurisdiction. Any action arising out of this agreement or the services provided shall be initiated within two years of the service provided.

This letter replaces and supersedes any previous proposals, correspondence and understanding, whether written or oral. The agreements contained in this engagement letter shall survive the completion or termination of this engagement.

To ensure that Whitley Penn, LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

In the course of our services, our firm may transmit confidential information that you provided us to third parties in order to facilitate our services. As applicable, we require confidentiality agreements with all our service providers to maintain the confidentiality of your information and additionally the firm will take reasonable precautions to determine that our service providers have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain ultimately responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Whitley Penn, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to your pass-through regulatory entity and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision Whitley Penn, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Honorable Mayor and Members of City Council the following significant findings from the audit:

- Our view about the qualitative aspects of the City's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Whitley Penn LLP

Austin, Texas

****

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of City of Hutto, Texas by:

Name: ____

Title: ____

Date: ____

Name: ____

Title: ____

Date: ____

City Council

AGENDA ITEM REPORT

To:	Regular City Council
Subject:	Consideration and possible action on a resolution authorizing the Interim City Manager to execute an agreement for bond counsel legal services with McCall Parkhurts & Horton. (Michel Sorrell)
Meeting:	City Council - 02 Jul 2020
Department:	Finance
Staff Contact:	Michel Sorrell

BACKGROUND INFORMATION:

The City of Hutto desires to retain the legal services of McCall Parkhust & Horton to serve as bond counsel regarding the authorization, sale, issuance and delivery of municipal securities, as well as in connection with any matters relating to municipal financial products of the City.

ATTACHMENTS:

Hutto Resolution authorizing bond counsel - Interim PSA

City of Hutto Engagement Letter - McCall Parkhurst (Bond Counsel)

RESOLUTION NO. R-

A RESOLUTION AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT FOR BOND COUNSEL SERVICES WITH MCCALL PARKHURST & HORTON.

WHEREAS, the City of Hutto, Texas (the "City") desires to retain bond counsel regarding the authorization, sale, issuance and delivery of municipal securities, as well as in connection with any matters relating to municipal financial products of the City, and;

WHEREAS, the law firm of McCall Parkhurst & Horton has focused on public finance since 1919 , and;

WHEREAS, the City Council desires to obtain the professional services of McCall Parkhurst & Horton as bond counsel to advise the City regarding the issuance of municipal securities and any municipal financial products, and;

WHEREAS, McCall Parkhurst & Horton is prepared to provide its professional services and its facilities as a bond counsel in connection with the City's issuances of municipal securities and any municipal financial products, and;

WHEREAS, the City Council accepts the scope of engagement and services contained in the engagement letter presented to the City, including the compensation, expenses and liabilities as defined in Exhibit "A", page four (4) of the engagement letter, and;

WHEREAS, the City Council believes that McCall Parkhurst & Horton's details for compensation, expenses and liabilities is reasonable and that the scope of engagement and services would be beneficial to the City.

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

the Hutto City Council hereby authorizes the Interim City Manager to execute said agreement on behalf of the City, Council, and;

CONSIDERED and RESOLVED by the City Council of the City of Hutto on this the **2nd day of July, 2020**.

THE CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTESTED:

____
Stacy Schmitt, Interim City Secretary

May 28, 2020

City of Hutto, Texas
401 West Front Street
Hutto, Texas 78634

Ladies and Gentlemen:

This engagement letter will outline our proposed services as Bond Counsel to the City of Hutto, Texas (the "City") in connection with the issuance of bonds, certificates of obligation, notes and other obligations by the City as well as legal services related to the creation, administration, operation and management of the City's public improvement districts and tax increment reinvestment zones.

SERVICES

We will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services, including review and respond to any questions and issues with reference to (1) the authorization, sale, and delivery of the City's bonds, certificates of obligation, notes or other obligations referenced above (for convenience hereafter collectively referred to as "bonds") and (2) the creation, administration, operation and management of the City's public improvement districts and tax increment reinvestment zones (hereafter, collectively referred to as "projects"), including the following:

1. Consultation with the City, as appropriate, and any advisors in planning for bond issues, including consultations concerning federal tax considerations;

2. Preparation of all contracts, ordinances, resolutions, trust indentures, and other instruments pursuant to which bonds will be authorized, secured, sold and delivered in consultation with the City, the City's attorney, financial advisors, the underwriters and their counsel and any officials and consultants thereof;

3. Prepare any applicable election proceedings, if necessary, in connection with the bonds;

4. Draft the continuing disclosure undertaking of the City;

5. Attendance at meetings of the City, as appropriate, and with other representatives thereof to the extent required or requested with reference to the authorization and issuance of the bonds.

6. Preparation of all documents necessary to seek the approval of the Attorney General of Texas and the submission of such documents to the Attorney General for approval and to the Comptroller of Public Accounts for registration of the bonds as required by law;

7. Supervision of the printing and execution of the bonds and the delivery thereof to the initial purchaser of the bonds;

8. Subject to the completion of proceedings to our satisfaction, rendering our nationally accepted legal opinion (the "Bond Opinion") covering the validity of the bonds under Texas law and tax status of the interest thereon under federal income tax laws;

9. Preparation of a transcript of all proceedings in connection with the issuance of the bonds;

10. Review and advise the City of legal issues relating to the projects and their respective outstanding bonds, including review of construction costs, expenses and reimbursements; and

11. Review and/or prepare, at your request, documents relating to the creation of a public improvement district or tax increment reinvestment zone pursuant to the provisions of Texas law, as may be amended, to promote the development of the projects and review documents relating to the development of the projects with respect to the provisions of such documents that relate to the issuance of any bonds or other means of debt financing.

Our Bond Opinion will be delivered by us on the date bonds are exchanged for their purchase price (the "Closing"). The City will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City with applicable laws relating to the bonds. With regard to the issuance of bonds, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the bonds and their security. We understand that you will direct members of your staff and other employees of the City to cooperate with us in this regard.

The foregoing legal services as Bond Counsel do not include any direct responsibility for litigation of any kind. However, if during the issuance of the bonds any litigation should develop regarding the issuance of the bonds or the provisions made for their payment or security, we will consult, advise and cooperate with the City's attorney concerning any such litigation.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

(a) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.

(b) Preparing state securities law memoranda or investment surveys with respect to the bonds.

(c) Drafting state constitutional or legislative amendments.

(d) Pursuing test cases or other litigation.

(e) Making an investigation or expressing any view as to the creditworthiness of the City or the bonds.

(f) Except as described in paragraph 4 above, assisting in the City's due diligence obligation under federal securities laws or preparation of, or opining on, a continuing disclosure undertaking pertaining to the bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

(g) Representing the City in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

(h) Negotiating the terms of, or opining as to, any investment contract.

(i) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

In addition, our services as Bond Counsel do not include any direct responsibility for the "disclosure obligations" owed to the investing public under the federal securities laws and the various state securities laws. We will not be responsible for the preparation of any Official Statement and will not assume any responsibility with respect thereto nor undertake independently to verify any of the information therein, except that, in our capacity as bond counsel, we will review various statements in any Official Statement to verify that such statements conform to the provisions of the legal instruments and documents therein described.

Our services as Bond Counsel do not include any responsibility for investigating the financial condition and affairs of the City. Our Bond Opinion will contain a paragraph substantially to the effect that we have acted as Bond Counsel for the City for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on the bonds from federal income taxes, and for no other reason or purpose. The paragraph will also disclose that we have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, and have not assumed any responsibility with respect thereto.

COMPENSATION

Please see **Exhibit "A"** attached to this engagement letter for a proposed dollar-cost fee estimate regarding the issuance of bonds and a proposed hourly fee for other legal services. Any other services to be provided at the request of the City outside the issuance of bonds may be billed, as agreed to by the City at the hourly rates shown in **Exhibit "A".**

Our Bond Counsel fee is contingent upon issuance of the bonds. We also expect to be reimbursed for all normal and reasonable actual out-of-pocket expenses incurred (such as travel with all mileage reimbursed at the then current rate established by the Internal Revenue Service, Attorney General filing fees, form 8038 preparation fee, preparation of bonds, bond review board filing preparation fee, communications, reproduction and delivery service) in connection with the services performed. Copying charges are normally twenty cents a page. Large copying orders are sometimes subcontracted out, in which case the actual charges are billed. Our Bond Counsel fee and all then available expenses will be billed at or soon after Closing and certain post-Closing expenses (such as bond transcript preparation and delivery expenses) may be billed at a later date.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the City in these transactions, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as legal counsel to the City are limited to those contracted for in this letter; the City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City will not affect, however, our responsibility to render an objective Bond Opinion.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the bonds. Execution of this letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

TERMINATION

This engagement may be terminated by either party upon thirty (30) days written notice; provided, however, if the City exercises the early termination, the City shall pay all fees and expenses accrued to the date of such termination, and to the extent appropriate such fees and expenses may be paid from the proceeds of future bond issues. There shall not be individual liability on any member of the City, or other official of the City, for the payment of any amounts due hereunder.

NO BOYCOTT OF ISRAEL

To the extent this engagement letter is a contract for goods or services, McCall, Parkhurst & Horton L.L.P. hereby verifies that it does not boycott Israel and will not boycott Israel through the term of this engagement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

GRIEVANCES

The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complain against or dispute with a lawyer involves professional misconduct, the State Bar's Office of Chief Disciplinary Counsel will provide you with information about how to file a complaint. Please call 1-800-932-1900 toll-free for more information.

If the City finds this proposal to be satisfactory, we ask that a copy of this letter be signed and returned to us for our files. We look forward to working with the City.

Respectfully submitted,

McCall, Parkhurst & Horton L.L.P.

Carol D. Polumbo
Managing Partner

The foregoing agreement is hereby accepted on behalf of the City of Hutto, Texas.

Date: ____________, 2020.

By: ______________________________

City Manager

EXHIBIT A

City of Hutto, Texas McCall, Parkhurst & Horton L.L.P. Fee Schedule for Debt Transactions

Transaction Type	General Fee	Premiums and Minimums
Base Transaction Fee (BTF)	$7,500 for 1st $1,000,000 + $1 per bond for amounts exceeding $1,000,000	$10,000 minimum for each series, except bank private placements of less than $5,000,000, for which the fee will be determined case-by-case.
Transactions involving elections	BTF + an agreed upon fee for election work involved	Amount to be determined based on time and complexity of each election, with a minimum fee of $10,000 for a successful election. If multiple elections were held before passage, additional $5,000 to first issuance for each election held.
Refundings	BTF	Premiums added for escrows, forward refundings, etc.
TWDB/USDA/RUS transactions	$15,000 for first $1,000,000 $5 per bond for next $4,000,000 $2 per bond for amounts over $5,000,000	$20,000 minimum for each series.
Soft Put Bonds	BTF	$25,000 premium for initial issuance. BTF for remarketings up to $50MM, then 50¢/$1,000 thereafter.
VRDOs	BTF	$50,000 premium
Tax Credit Bonds	TBD	
Revenue Transactions	BTF	City Water and Sewer revenue bonds: $5,000 premium for first transaction under new financing system structure.
Sales Tax Transactions	BTF	$12,000 minimum up to $4,000,000; $15,000 minimum over $4,000,000.
PIDs/TIFs	Hourly charges for creation and reviewing/responding to questions on PIDs Fee of 2.50% for each PID bond issuance	Minimum fee of $35,000 for each PID creation. Minimum fee $50,000 per series of PID bonds issued.

Hourly Rates for All Other City of Hutto, Texas Debt Related Questions and Legal Work

Partners/Of Counsel Hourly Fee	$525
Associate Attorney Hourly Fee	$425
Paralegal/Legal Assistant Hourly Fee	$175

MCCALL PARKHURST & HORTON

May 28, 2020

City of Hutto, Texas
401 West Front Street
Hutto, Texas 78634

Ladies and Gentlemen:

This engagement letter will outline our proposed services as Bond Counsel to the City of Hutto, Texas (the "City") in connection with the issuance of bonds, certificates of obligation, notes and other obligations by the City as well as legal services related to the creation, administration, operation and management of the City's public improvement districts and tax increment reinvestment zones.

SERVICES

We will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services, including review and respond to any questions and issues with reference to (1) the authorization, sale, and delivery of the City's bonds, certificates of obligation, notes or other obligations referenced above (for convenience hereafter collectively referred to as "bonds") and (2) the creation, administration, operation and management of the City's public improvement districts and tax increment reinvestment zones (hereafter, collectively referred to as "projects"), including the following:

1. Consultation with the City, as appropriate, and any advisors in planning for bond issues, including consultations concerning federal tax considerations;

2. Preparation of all contracts, ordinances, resolutions, trust indentures, and other instruments pursuant to which bonds will be authorized, secured, sold and delivered in consultation with the City, the City's attorney, financial advisors, the underwriters and their counsel and any officials and consultants thereof;

3. Prepare any applicable election proceedings, if necessary, in connection with the bonds;

4. Draft the continuing disclosure undertaking of the City;

5. Attendance at meetings of the City, as appropriate, and with other representatives thereof to the extent required or requested with reference to the authorization and issuance of the bonds.

6. Preparation of all documents necessary to seek the approval of the Attorney General of Texas and the submission of such documents to the Attorney General for approval and to the Comptroller of Public Accounts for registration of the bonds as required by law;

7. Supervision of the printing and execution of the bonds and the delivery thereof to the initial purchaser of the bonds;

8. Subject to the completion of proceedings to our satisfaction, rendering our nationally accepted legal opinion (the "Bond Opinion") covering the validity of the bonds under Texas law and tax status of the interest thereon under federal income tax laws;

9. Preparation of a transcript of all proceedings in connection with the issuance of the bonds;

10. Review and advise the City of legal issues relating to the projects and their respective outstanding bonds, including review of construction costs, expenses and reimbursements; and

11. Review and/or prepare, at your request, documents relating to the creation of a public improvement district or tax increment reinvestment zone pursuant to the provisions of Texas law, as may be amended, to promote the development of the projects and review documents relating to the development of the projects with respect to the provisions of such documents that relate to the issuance of any bonds or other means of debt financing.

Our Bond Opinion will be delivered by us on the date bonds are exchanged for their purchase price (the "Closing"). The City will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City with applicable laws relating to the bonds. With regard to the issuance of bonds, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the bonds and their security. We understand that you will direct members of your staff and other employees of the City to cooperate with us in this regard.

The foregoing legal services as Bond Counsel do not include any direct responsibility for litigation of any kind. However, if during the issuance of the bonds any litigation should develop regarding the issuance of the bonds or the provisions made for their payment or security, we will consult, advise and cooperate with the City's attorney concerning any such litigation.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

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(c) Drafting state constitutional or legislative amendments.

(d) Pursuing test cases or other litigation.

(e) Making an investigation or expressing any view as to the creditworthiness of the City or the bonds.

(f) Except as described in paragraph 4 above, assisting in the City's due diligence obligation under federal securities laws or preparation of, or opining on, a continuing disclosure undertaking pertaining to the bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

(g) Representing the City in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

(h) Negotiating the terms of, or opining as to, any investment contract.

(i) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

In addition, our services as Bond Counsel do not include any direct responsibility for the "disclosure obligations" owed to the investing public under the federal securities laws and the various state securities laws. We will not be responsible for the preparation of any Official Statement and will not assume any responsibility with respect thereto nor undertake independently to verify any of the information therein, except that, in our capacity as bond counsel, we will review various statements in any Official Statement to verify that such statements conform to the provisions of the legal instruments and documents therein described.

Our services as Bond Counsel do not include any responsibility for investigating the financial condition and affairs of the City. Our Bond Opinion will contain a paragraph substantially to the effect that we have acted as Bond Counsel for the City for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on the bonds from federal income taxes, and for no other reason or purpose. The paragraph will also disclose that we have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, and have not assumed any responsibility with respect thereto.

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CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the bonds. Execution of this letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

TERMINATION

This engagement may be terminated by either party upon thirty (30) days written notice; provided, however, if the City exercises the early termination, the City shall pay all fees and expenses accrued to the date of such termination, and to the extent appropriate such fees and expenses may be paid from the proceeds of future bond issues. There shall not be individual liability on any member of the City, or other official of the City, for the payment of any amounts due hereunder.

NO BOYCOTT OF ISRAEL

To the extent this engagement letter is a contract for goods or services, McCall, Parkhurst & Horton L.L.P. hereby verifies that it does not boycott Israel and will not boycott Israel through the term of this engagement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

GRIEVANCES

The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complain against or dispute with a lawyer involves professional misconduct, the State Bar's Office of Chief Disciplinary Counsel will provide you with information about how to file a complaint. Please call 1-800-932-1900 toll-free for more information.

If the City finds this proposal to be satisfactory, we ask that a copy of this letter be signed and returned to us for our files. We look forward to working with the City.

Respectfully submitted,

McCall, Parkhurst & Horton L.L.P.

Carol D. Polumbo
Managing Partner

The foregoing agreement is hereby accepted on behalf of the City of Hutto, Texas.

Date: _____________, 2020.

By: ___________________________________
City Manager

www.mphlegal.com

EXHIBIT A

City of Hutto, Texas McCall, Parkhurst & Horton L.L.P. Fee Schedule for Debt Transactions

Transaction Type	General Fee	Premiums and Minimums
Base Transaction Fee (BTF)	$7,500 for 1st $1,000,000 + $1 per bond for amounts exceeding $1,000,000	$10,000 minimum for each series, except bank private placements of less than $5,000,000, for which the fee will be determined case-by-case.
Transactions involving elections	BTF + an agreed upon fee for election work involved	Amount to be determined based on time and complexity of each election, with a minimum fee of $10,000 for a successful election. If multiple elections were held before passage, additional $5,000 to first issuance for each election held.
Refundings	BTF	Premiums added for escrows, forward refundings, etc.
TWDB/USDA/RUS transactions	$15,000 for first $1,000,000 $5 per bond for next $4,000,000 $2 per bond for amounts over $5,000,000	$20,000 minimum for each series.
Soft Put Bonds	BTF	$25,000 premium for initial issuance. BTF for remarketings up to $50MM, then 50¢/$1,000 thereafter.
VRDOs	BTF	$50,000 premium
Tax Credit Bonds	TBD	
Revenue Transactions	BTF	City Water and Sewer revenue bonds: $5,000 premium for first transaction under new financing system structure.
Sales Tax Transactions	BTF	$12,000 minimum up to $4,000,000; $15,000 minimum over $4,000,000.
PIDs/TIFs	Hourly charges for creation and reviewing/responding to questions on PIDs Fee of 2.50% for each PID bond issuance	Minimum fee of $35,000 for each PID creation. Minimum fee $50,000 per series of PID bonds issued.

Hourly Rates for All Other City of Hutto, Texas Debt Related Questions and Legal Work

Partners/Of Counsel Hourly Fee	$525
Associate Attorney Hourly Fee	$425
Paralegal/Legal Assistant Hourly Fee	$175

RESOLUTION NO. R-

A RESOLUTION AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT FOR BOND COUNSEL SERVICES WITH MCCALL PARKHURST & HORTON.

WHEREAS, the City of Hutto, Texas (the "City") desires to retain bond counsel regarding the authorization, sale, issuance and delivery of municipal securities, as well as in connection with any matters relating to municipal financial products of the City, and;

WHEREAS, the law firm of McCall Parkhurst & Horton has focused on public finance since 1919 , and;

WHEREAS, the City Council desires to obtain the professional services of McCall Parkhurst & Horton as bond counsel to advise the City regarding the issuance of municipal securities and any municipal financial products, and;

WHEREAS, McCall Parkhurst & Horton is prepared to provide its professional services and its facilities as a bond counsel in connection with the City's issuances of municipal securities and any municipal financial products, and;

WHEREAS, the City Council accepts the scope of engagement and services contained in the engagement letter presented to the City, including the compensation, expenses and liabilities as defined in Exhibit "A", page four (4) of the engagement letter, and;

WHEREAS, the City Council believes that McCall Parkhurst & Horton's details for compensation, expenses and liabilities is reasonable and that the scope of engagement and services would be beneficial to the City.

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

the Hutto City Council hereby authorizes the Interim City Manager to execute said agreement on behalf of the City, Council, and;

CONSIDERED and RESOLVED by the City Council of the City of Hutto on this the **2nd day of July, 2020**.

THE CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTESTED:

____
Holly Nagy, City Secretary

NOTICE OF CONTRACT FOR CONTINGENT FEE LEGAL SERVICES

Notice is hereby given that, at the regularly scheduled meeting of the City Council (the "*Council*") of Hutto, Texas (the "*City*"), which will be held at **7:00 p.m. on Thursday, July 2, 2020**, at the City Hall building located at 500 West Live Oak, Hutto, Texas, the Council will consider, among other things, a Proposal for Legal Services (the "*Proposal*") from McCall, Parkhurst & Horton L.L.P. ("*McCall*"), pursuant to which McCall proposes to act as outside bond counsel and disclosure counsel to the City and provide certain bond counsel and disclosure counsel legal services related to the issuance of public securities by the City on a contingent fee basis. In accordance with Texas Government Code § 2254.1036(a)(1), the City hereby provides public notice of the following:

A. It is anticipated that the City will issue public securities from time-to-time in the future and, due to the complexities of the legal requirements related to the issuance of public securities, there is a substantial need to engage attorneys to provide legal services related to the issuance of public securities by the City.

B. McCall is a well-qualified law firm with more than 100 years of experience in public finance that has provided and continues to provide bond counsel, disclosure counsel and/or special tax counsel legal services related to the issuance of public securities to numerous cities.

C. McCall has a relationship with the City and its Council members. The City has engaged McCall on previous issuances of public securities dating back to 2003 and McCall has most recently assisted the City on the issuance of its General Obligation Bonds Series 2019A and Taxable Series 2019B.

D. Legal services related to the issuance of public securities cannot be adequately performed by in-house attorneys or supporting personnel of the City because the City has no in-house attorneys specializing in the issuance of public securities.

E. Legal services related to the issuance of public securities cannot be reasonably obtained from attorneys under a contract providing only for the payment of hourly fees without contingency because, due to the nature of the issuance of public securities, including the state law complexity and federal law intricacies relating to the issuance thereof, it is industry standard for competent, qualified, and experienced attorneys providing legal services related to the issuance of public securities to provide such services contingent upon and payable solely out of the proceeds of any public securities issued in the future.

F. It is in the best interests of the City's residents, taxpayers, and/or ratepayers for the City to enter into a contract that provides for legal services related to the issuance of public securities on a contingent fee basis because this will allow the total costs related to each issuance to be known with better certainty before the public securities are issued, it will allow the size of each issuance of public securities to be determined with greater certainty, and it will allow the City to not incur any costs for legal services related to an issuance of public securities if it is discontinued for any reason prior to actual issuance of the public securities.

ORDINANCE NO. R-2020-XXX

AN ORDINANCE OF THE CITY OF HUTTO, TEXAS APPROVING THE COMMUNITY DEVELOPMENT CORPORATION BUDGET AMENDMENT AND EXPENDITURE APPROVED BY THE COMMUNITY DEVELOPMENT CORPORATION BOARD OF DIRECTORS IN THE AMOUNT OF $300,000 TO FUND PROJECT ADMINISTRATION AND LOANS MADE AVAILABLE THROUGH THE SMALL BUSINESS LOAN AND DISASTER RELIEF PROJECT AND $50,000 TO FUND GENERAL COUNSEL LEGAL SERVICES TO THE CORPORATION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council finds the City of Hutto is the authorizing unit of the Community Development Corporation and holds the statutory authority to approve all appropriations and expenditures of the Corporation, and

WHEREAS, the City Council finds that in 2019 the Board of Directors with City Council approval established a small business loan project; and

WHEREAS, the City Council finds that due to its popularity and its ability to meet local needs, the initial small business loan project exhausted its appropriated and approved funding; and

WHEREAS, the City Council finds that in 2020 the Board of Directors approved appropriating $300,000 of additional funding for the project; and

WHEREAS, the City Council finds that at the time the additional funding was initially presented to the City Council for approval, the City's legal counsel identified irregularities in the way the initial project was established; and

WHEREAS, the City Council finds that the Board of Directors have set aside the initial project and redeveloped a new substitute project titled the Small Business Loan and Disaster Relief Project; and

WHEREAS, the City Council finds that all applicable public hearings and public approvals have been or will be completed prior to the expenditure of funds appropriated herein; and

WHEREAS, the City Council finds that in accordance with the City Attorney's recommendation and further, to avoid irregularities in the Corporation's projects, the Board has engaged it's own General Counsel to provide legal services to the Board to ensure properly established projects for the Board; and

WHEREAS, the City Council finds that the Board of Directors engaged General Counsel effective May 26, 2020 and has a legal obligation to pay for such legal services in the course of doing business for the rest of the budget year which will greatly exceed the currently budgeted about for such services.

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

SECTION I

That the appropriations for the fiscal year October 1, 2019 through September 30, 2020 for the support of the Community Development Corporation be fixed and determined for said terms in accordance with the expenditures shown in the CDC's 2020 fiscal year budget.

SECTION II

That the budget is hereby approved in all respects and adopted as the City's budget for the fiscal year October 1, 2019 through September 30, 2020.

SECTION III. Publication Clause

The City Secretary of the City of Hutto is hereby authorized and directed to publish the caption of this ordinance in the manner and for the length of time prescribed by the law.

SECTION IV. Severability Clause

The provisions of this ordinance are severable, and if any sentence, section, or other parts of this ordinance should be found to be invalid, such invalidity shall not affect the remaining provisions, and the remaining provisions shall continue in full force and effect.

SECTION V. Repealing Clause

All ordinances and resolutions and parts thereof in conflict herewith are hereby expressly repealed insofar as they conflict.

SECTION VI. Open Meeting Clause

The City Council hereby finds and declares that written notice of the date, hour, place, and subject of the meeting at which this ordinance was adopted was posted and that such meeting was open to the public as required by law at all times during which this ordinance and the subject hereof were discussed, considered, and formerly acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

SECTION VII.

This ordinance shall take effect and be in force form and after its passage.

READ and APPROVED on first reading on this the 2nd of July 2020, at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

READ and APPROVED and ADOPTED on second and final reading this 16th day of July 2020, at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

THE CITY OF HUTTO, TEXAS

Doug Gaul, Mayor

ATTEST:

Holly Nagy, City Secretary