



# City of Hutto

## Agenda

### Cottonwood Development Corporation Meeting

Thursday, June 15, 2023 at 5:00 PM

City Council Chambers

Hutto City Hall

500 W. Live Oak Street

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 [huttotx.gov](http://huttotx.gov)

**1. CALL SESSION TO ORDER**

**2. ROLL CALL**

**3. PUBLIC COMMENT**

Any citizen wishing to speak during public comment may do so after completing the required registration form. The purpose of this item is to allow the residents of Hutto and other interested persons an opportunity to address the Community Development Corporation on agenda issues and on non-agenda issues (i.e., Corporation policy or legislative issues). 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 governing bodies from fully discussion, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the Corporation Staff for action may be placed on the agenda of a future meeting.)

**4. ACTION ITEMS**

- 4.1. Discussion and possible action approving minutes of December 23, 2022 and March 2, 2023 (Angela Lewis)
- 4.2. Discussion and possible action relating to the Cottonwood Development Corporation FY23 Financial Report and proposed budget for FY 23/24 (Anne LaMere)
- 4.3. Discuss and possible action appointing a Secretary/Treasurer for the Cottonwood Development Corporation (Chair Dan Thornton)
- 4.4. Discuss and possible action appointing a Vice Chairman for the Cottonwood Development Corporation (Chair Dan Thornton)

**5. EXECUTIVE SESSION**

The Cottonwood Development Corporation 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).

- 5.1. Receive legal advice pursuant to Texas Government Code Section 551.071, (Consultation with Attorney), related to the Butler Loan Agreement with Cottonwood

Development Corporation

**6. ACTION RELATIVE TO EXECUTIVE SESSION**

6.1. Consideration and possible action on Executive Session Agenda Items

**7. ADJOURNMENT**

**8. CERTIFICATION**

I certify that this notice of the June 15, 2023 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 12, 2023 before 5:00 P.M.



*Angela Lewis*  
Angela Lewis

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 [Angela.Lewis@huttotx.gov](mailto:Angela.Lewis@huttotx.gov) or call (512) 759-4033 for assistance.

# AGENDA ITEM REPORT

## 4.1.



**To:** City Council  
**Subject:** Discussion and possible action approving minutes of December 23, 2022 and March 2, 2023 (Angela Lewis)  
**Meeting:** Thursday, June 15, 2023  
**Department:** City Secretary /  
**Staff Contact:** Angela Lewis

### BACKGROUND INFORMATION:

Staff recommends approval of minutes of December 23, 2022 and March 2, 2023.

### SUMMARY OF REQUEST:

### STAFF REVIEW:

### FISCAL NOTES:

### ATTACHMENTS:

1. Minutes 12.23.22
2. Minutes 3.2.23 Joint



# City of Hutto

## Minutes

### Special Called

### Cottonwood Development Corporation Meeting

Friday, December 23, 2022, at 4:30 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 [huttotx.gov](http://huttotx.gov)

**1. CALL SESSION TO ORDER**

Meeting was called to order at 4:30pm by Chairman Thornton

**2. ROLL CALL**

Chairman Dan Thornton, Vice Chairman Peter Gordon, Board Member Mike Arismendez

**3. PUBLIC COMMENT**

None

**4. EXECUTIVE SESSION Postponed, citing no need for executive session discussion**

Pursuant to 551.071 (attorney consultation), 551.072 (real property) and 551.087 (Economic Development), to deliberate upon and seek legal advice regarding the developer's request in Project E for an amendment extending the due diligence period for an additional 90 days from its current deadline in its Purchase and Sale Agreement with the corporation.

**5. ACTION RELATIVE TO EXECUTIVE SESSION**

Discuss and consider action on the developer's request in Project E, for an amendment extending the due diligence period for an additional 90 days from its current deadline in its Purchase and Sale Agreement with the corporation.

Motion by Board Member Arismendez to approved a 60-day extension for the due diligence period for project E, second by Vice Chair Gordon

Passed 3-0

**6. ADJOURNMENT**

Meeting adjourned at 4:36pm by Chairman Thornton

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Dan Thornton, Chairman

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Angela Lewis, City Secretary



# City of Hutto

## Minutes

### Special Called Joint Meeting of Cottonwood Development Corporation and Hutto Economic Development Corporation Types A & B Boards of Directors

**Thursday, March 2, 2023 at 5:30 PM  
City Council Chambers**

**1. CALL SESSION TO ORDER**

HEDC Called to order at 5:30pm by Chairman Arismendez  
CDC Called to order at 5:31 by Chiarman Thornton

**2. ROLL CALL**

HEDC Roll Call:

Present: Chaiman Mike Arismendez, Secretary Erin Clancy, Treasurer Shawn Lucas,  
Board Member Mike Snyder, Board Member Randal Clark.

Absent: Vice Chairman Don Carlson, Board Member Marcus Coleman

CDC Roll Call:

Present: Chairman Dan Thornton, Vice Chairman Peter Gordon, Secretary Mike  
Arismendez

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC COMMENT**

Any citizen wishing to speak during public comment may do so after completing the required registration form. The purpose of this item is to allow the residents of Hutto and other interested persons an opportunity to address the Hutto Economic Development Corporation Type A and the Hutto Economic Development Corporation Type B on agenda issues and on agenda issues (i.e., Corporation policy or legislative issues). Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (512) 759-4913 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 governing bodies from a full discussion, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the Corporation Staff for action may be placed on the agenda of a future meeting.)

**5. CONSENT AGENDA**

- 5.1. Consider and approve Cottonwood Development Corporation Minutes from its Special Called Joint Meetings with Hutto Economic Development Corporation on 1/17/23 and 2/2/23 (CDC)

Motion to approve by Secretary Arismendez, second by Vice Chairman Gordon;  
passed 3-0

## 6. AGENDA ITEMS

- 6.1. Discuss and consider action on the developer's request in Project E, for an amendment extending the due diligence period for an additional 30 days from its current deadline in its Purchase and Sale Agreement with the corporation. (CDC)  
Motion to approve and authorize the Chief Executive Officer to execute the agreement.  
Motioned by Vice Chairman Gordon, second by Secretary Arismendez. Passed 3-0

## 7. EXECUTIVE SESSION

Receive legal advice pursuant to Texas Government Code Section 551.071 and 551.072 regarding Cottonwood Development Corporation v. Preston Hollow Capital et.al. and In Re Cottonwood Development Corporation, an original proceeding, both pending in the Texas Third District Court of Appeals, and the Cottonwood Land Sale by the Hutto Economic Development Corporation Type B.

HEDC Recessed to Executive Session at 5:36pm

CDC Recessed to Executive Session at 5:37pm

HEDC Entered Executive Session at 5:39pm

CDC Entered Executive Session at 5:38pm

HEDC Exited Executive Session at 5:57pm

CDC Exited Executive Session at 5:57pm

No action taken during Executive Session

## 8. ACTION RELATIVE TO EXECUTIVE SESSION

HEDC Reconvened Public Session at 5:57pm

CDC Reconvened Public Session at 5:57pm

- 8.1. Consideration and possible action regarding legal advice received pursuant to Texas Government Code Section 551.071 and 551.072 regarding Cottonwood Development Corporation v. Preston Hollow Capital et.al., In Re Cottonwood Development Corporation, an original proceeding, both pending in the Third District Court of Appeals, and the Cottonwood Land Sale, to approve an increase of up to \$500,000 to the funding or funding and refunding agreement between the City and the Hutto Economic Development Corporation Type B, authorizing the expenditure pursuant to Texas Local Government Code Section 501.073a; approving an agreement to release deeds of trust on Cottonwood Development Corporation property and to secure contingent fee award in the trial court, authorizing an amendment to the Funding and Refunding agreement between the City of Hutto and the Hutto Economic Development Corporation Type B and reflecting the increase and authorizing HEDC Board Chair to execute all related documents on behalf of the HEDC. (CDC and HEDC)

CDC: Motion to approve as presented, with the increase changed to \$700,000.

Motioned by Vice Chairman Gordon, second by Secretary Arismendez. Passed 3-0.

HEDC: Motion to approve as presented, with the increase changed to \$700,00.

Motioned by Board Member Clark, second by Treasurer Lucas. Passed 5-0

## 9. ADJOURNMENT

HEDC Adjourned at 6:00pm

CDC Adjourned at 6:00pm

## 10. CERTIFICATION

10.1. I certify that this notice of the Special Joint Meeting of the Hutto Economic Development Corporations Type A & Type B and the Cottonwood Development Corporation was posted on the City of Hutto website and the City Hall bulletin board of the City of Hutto on February 27, 2023 before 5:30 P.M.



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Mike Arismendez, HEDC Chairman



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Erin Clancy, HEDC Secretary

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Dan Thornton, CDC Chairman

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Mike Arismendez, CDC Secretary



# AGENDA ITEM REPORT

## 4.2.



**To:** City Council  
**Subject:** Discussion and possible action relating to the Cottonwood Development Corporation FY23 Financial Report and proposed budget for FY 23/24 (Anne LaMere)  
**Meeting:** Thursday, June 15, 2023  
**Department:** Finance /  
**Staff Contact:** Anne LaMere

### BACKGROUND INFORMATION:

The Cottonwood Development Corp. (CDC) Financial Report shows negative assets of \$3M and Debt of \$6.4M. The City has a funding / refunding agreement with the CDC which states that the City is responsible for CDC debts if the CDC is unable to pay. With the transfer of Perfect Game land to the EDC (without the transfer of the associated land debt), the CDC has no assets to sell to pay off the debt. The CDC also has no source of revenue. The debt will continue to grow as legal fees continue to be incurred.

There CDC has no budgeted revenues or expenses for FY23.

In preparing the FY24 CDC budget, Finance requests the board to provide the amounts that they believe will be incurred during the next year. At this point, the only item that Finance is aware of is the continuing legal fees related to the Preston Hollow litigation. The City Attorney, Dottie Palumbo, has requested future cost projections from the City Litigation Attorney, George Hyde.

### SUMMARY OF REQUEST:

After discussion, Finance should be notified of any items that the Board would like to include in the FY24 budget.

### STAFF REVIEW:

No formal motions or actions are required for this item.

### FISCAL NOTES:

No fiscal note is required.

### ATTACHMENTS:

# AGENDA ITEM REPORT

## 4.2.



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### 1. Financial Report



Account	Name	Balance	
<b>Fund: 76 - Cottonwood Development Corp (Sports Health)</b>			
<b>Assets</b>			
<u>76-1000</u>	Claim on Cash	-3,009,200.49	
<u>76-1107</u>	Land Held for Investment	0.00	
<u>76-1207</u>	Escrowed funds	0.00	
<u>76-1208</u>	Escrowed Cash Allowance	0.00	
<u>76-1231</u>	Accounts Receivable	0.00	
<u>76-1310</u>	Due From Fund General Fund	0.00	
	<b>Total Assets:</b>	<b>-3,009,200.49</b>	<b><u>-3,009,200.49</u></b>
<b>Liability</b>			
<u>76-2000</u>	Accounts Payable Pending	131,017.83	
<u>76-2001</u>	Accrued Accounts Payable	1,775,928.61	
<u>76-2010</u>	Principal Owed	4,516,223.00	
<u>76-2011</u>	Accrued Interest Payable	0.00	
<u>76-2310</u>	Due To Fund 10	0.00	
	<b>Total Liability:</b>	<b>6,423,169.44</b>	
<b>Equity</b>			
<u>76-3001</u>	Fund Balance	-6,052,491.60	
	<b>Total Beginning Equity:</b>	<b>-6,052,491.60</b>	
Total Revenue		0.00	
Total Expense		3,379,878.33	
<b>Revenues Over/Under Expenses</b>		<b>-3,379,878.33</b>	
	<b>Total Equity and Current Surplus (Deficit):</b>	<b>-9,432,369.93</b>	
	<b>Total Liabilities, Equity and Current Surplus (Deficit):</b>		<b><u>-3,009,200.49</u></b>



City of Hutto, TX

# Income Statement

## Account Summary

For Fiscal: 2022-2023 Period Ending: 05/31/2023

		Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
<b>Fund: 76 - Cottonwood Development Corp (Sports Health)</b>						
<b>Expense</b>						
<u>76-020-001-6405</u>	Professional Svcs	0.00	0.00	914,356.33	914,356.33	-914,356.33
<u>76-020-001-6802</u>	Interest	0.00	0.00	1,532,288.81	1,532,288.81	-1,532,288.81
<u>76-100-000-6064</u>	Loss of Sale of Asset	0.00	0.00	475,070.12	475,070.12	-475,070.12
<u>76-100-000-6401</u>	Attorney Svcs	0.00	0.00	131,291.73	458,163.07	-458,163.07
	<b>Expense Total:</b>	<b>0.00</b>	<b>0.00</b>	<b>3,053,006.99</b>	<b>3,379,878.33</b>	<b>-3,379,878.33</b>
	<b>Fund: 76 - Cottonwood Development Corp (Sports Health) Total:</b>	<b>0.00</b>	<b>0.00</b>	<b>3,053,006.99</b>	<b>3,379,878.33</b>	
	<b>Total Surplus (Deficit):</b>	<b>0.00</b>	<b>0.00</b>	<b>-3,053,006.99</b>	<b>-3,379,878.33</b>	

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# AGENDA ITEM REPORT

## 4.3.



**To:** City Council  
**Subject:** Discuss and possible action appointing a Secretary/Treasurer for the Cottonwood Development Corporation  
**Meeting:** Thursday, June 15, 2023  
**Department:** City Secretary /  
**Staff Contact:**

### BACKGROUND INFORMATION:

### SUMMARY OF REQUEST:

### STAFF REVIEW:

### FISCAL NOTES:

### ATTACHMENTS:

None

# AGENDA ITEM REPORT

## 4.4.



**To:** City Council  
**Subject:** Discuss and possible action appointing a Vice Chairman for the Cottonwood Development Corporation  
**Meeting:** Thursday, June 15, 2023  
**Department:** City Secretary /  
**Staff Contact:**

### BACKGROUND INFORMATION:

### SUMMARY OF REQUEST:

### STAFF REVIEW:

### FISCAL NOTES:

### ATTACHMENTS:

None