Minutes

Board of Directors Meeting
Economic Development Corporation and
Community Development Corporation
City Hall – Council Chambers
500 West Live Oak Street, Hutto TX 78634

Monday November 2, 2020 at 6:30 p.m.

Chairman Steven R. Harris	Board Member Henry Gideon
Vice-Chairman Don Carlson	Board Member Mike Arismendez
Treasurer Kevin LaFrance	Board Member Shawn Lucas
Secretary Lucas Evans	

The Economic Development Corporation (EDC) and the Community Development Corporation (CDC) met in a regular Board meeting on Monday November 2, 2020 at the City Hall Council Chambers located at 500 West Live Oak Street, Hutto, TX 78634.

CALL SESSION TO ORDER

Chairman Steven Harris called the meeting to order at 6:30 p.m.

ROLL CALL

Members of the Community Development Corporation Board that were present were Chairman, Steven Harris; Vice Chairman, Don Carlson; Treasurer, Kevin LaFrance; Secretary, Lucas Evans; Board member, Henry Gideon; Board Member, Shawn Lucas; and Board member, Mike Arismendez.

Members of staff that were present were Councilman Mike Snyder, EDC/CDC Board Liaison; George Hyde, EDC/CDC Board Legal Counsel; Cathie Childs, Legal Counsel; James Bryson, Financial Manager; and Cheri Bowman, Economic Development Specialist and Board administrator.

PUBLIC COMMENTS

There were no comments from the public.

5A. Approval of the September 21, 2020 and the October 5, 2020 Hutto Economic Development Corporation Type A and the Hutto Community Development Corporation Type B Board of Directors' meeting minutes.

MOTION: *Board member Henry Gideon made the motion the approve the September 21, 2020 minutes as presented, with the amendment with the correct amount of $25,000, and directing the October 5, 2020 to be presented at the next Board meeting (December 7, 2020). Board member Mike Arismendez seconded the motion.*

ACTION: *The motion passed 7-0.*

MOTION: *Secretary Lucas Evans made the motion to move* ***Agenda Item 5H*** *for discussion before 5B. Treasurer Keven LaFrance seconded the motion.*

ACTION: *The motion passed 7-0.*

5H. Presentation, discussion, and possible action regarding an infrastructure project for real property currently owned by the Hutto Community Development Corporation. (Gary Brown)

Gary Brown *introduced himself; in the land business for the last 4 decades; help build two major lift stations; joined with the school district to help make the infrastructure happen.*

The company he represents is interested in a portion of the Megasite to develop an Infrastructure Project. As water is a major concern in that area, it would necessitate a development agreement with the Hutto Community Development Corp. (CDC)

Gary Brown *introduced Brett Frye with Gatlin Capital, the interested party.*

Brett Frye *explained they had submitted an offer, but it was declined. He would like to use 100 acres for commercial, and the rest for residential development. He would like to start a conversation with whomever, for ballpark estimates of $/acre, infrastructure, etc. Gary Brown would work with the EDC/City of Hutto to bring sewer up to that area.*

Chairman Steven Harris *– The point people would be City Manager Warren Hutmacher, Chairman Steven Harris, and Board admin. Cheri Bowman. And, of course, the Economic Development Executive, as soon as one is hired. The Board hopes to make the Megasite an industrial are, but is definitely interested in a partnership that would provide wastewater to the Megasite.*

Secretary Lucas Evans *– There are plenty of residential areas in Hutto. Traffic would definitely become an issue.*

Brett Frye *– Traffic studies would be part of the infrastructure planning.*

5B. Update on the monthly financials. (James Bryson)

James Bryson stated that he cleaned up the financials, and will have the CAFR for December 7 Board meeting.

MOTION: *Vice Chairman Don Carlson made the motion to move* ***Agenda Item 5I*** *for discussion before agenda item 5C. Board member Shawn Lucas seconded the motion.*

ACTION: *The motion passed 7-0.*

5I. Update, discussion and possible action regarding Small Business Loan and Disaster Relief Project.

Board Admin. Cheri Bowman *updated the Board with the Small Business Loan and Disaster Relief Project's 1st quarter Loan repayment report. According to BCL, the monthly loan repayments are all on schedule, with 1 loan completely paid in full. Another 2 loans will start their repayment schedule January 15, 2021.*
Eight (8) loans have been processed, with total amount of $195,000. As of October 15, 2020, $40,000.03 has been repaid.
James Bryson was directed by the Board to add "Fund Balance" to the budget line Small Business Loan and Disaster Relief Project, to track income (repayments).

5C. Presentation, discussion, and possible action regarding the Hutto Community Development Corporation (HCDC) collaborating efforts with the Hutto Education Foundation (HEF).

HEF Director, Claudia Cardwell*, presented the Hutto Education Foundation's mission:*
"The Hutto Education Foundation partners with Hutto ISD to enrich, enhance, and maximize the quality of education for all students by providing grants and scholarships to teachers, staff and student for programs not funded by the state. HEF acknowledges and rewards exemplary teaching and encourages collaboration to maximize parent/teacher participation throughout each level of education."
The funding raised in 2019 reached eleven (11) HISD campuses, eight (8) students received Leadership Grants, twelve (12) scholarships were awarded, and fifty-four (54) teachers and staff were grant recipients.
HEF is asking the CDC Board to consider the Gold Sponsorship of $5000, sponsoring the 2021-2022 school year.
Legal Counsel, George Hyde *– Marketing funds can be used for scholarships funds.*
Vice Chairman Don Carlson *– What is the average grant amount distributed?*
Claudia Cardwell *– Grants have been $972 - $5000, with $3000 - $3500 the average. The Veteran's Day "Hip, Hip, Hooray for Veteran's Day" (the flyover) was funded through the teacher grants, for example.*
Chairman Steven Harris *– The Diamond Level has video recognition on HEF's Social Media Platforms, which can be used to promote, and will help positivize the impact of what*

the CDC Board is focusing on.
***Board member Mike Arismendez** – The Diamond Level will also sponsor a student scholarship.*
Claudia Cardwell – The teachers submit an application, which is then scored by a committee, blindly. The applications scoring above average, will receive a grant, and those scoring below average, will not. The funds not used will go back into the bucket.
The student ideas / grants have to be student driven.

MOTION: *Vice Chairman Don Carlson made the motion to collaborate efforts with the Hutto Education Foundation (HEF) by sponsoring at the Diamond Level of $7500.00. Treasurer Kevin LaFrance seconded the motion.*

ACTION: *The motion passed 7-0.*

5D. Presentation, discussion, and possible action regarding the availability of incentives or establishing a project for KTonic's relocation to Hutto, Texas.

***Greg Goodman**, Owner and CEO of KTonic, introduced to the Board the information about his company, KTonic.*
**Homebrewed in his kitchen as early as 2010*
**Developed a single-fermentation recipe that didn't rely on juice (fructose) as a flavoring agent*
**Established KTonic, LLC with brother-in-law Bryan Schmitz in 2015*
**Sold locally in Austin boutique market until acceptance into Central Market (2016) and Natural Grocers (2017)*
KTonic current production is limited due to existing space is inefficient, already at 77% of max capacity, with no room to expand. The limited space results in the inability to grow with current distribution channels and capacity threshold, and the pursuit of additional distribution and retailers are on hold.
KTonic, LLC proposed relocation to Lot 7, Block A, North Town Commons in the City of Hutto. The proposed Phase 1 Facility will increase production capacity to approx. 6500 gallons/month; will increase support for regional distribution beyond Texas; will enable Natural Grocers KTonic distribution expansion to 7 states; and pending additional retailers – Costco, Sprouts and Whole Foods. Proposed Phase II Expansion would expand manufacturing space to 7500 sq.; would exponentially increase productivity capacity with higher volume equipment; and the ability to serve multiple regions / national markets.
***Board member Mike Arismendez** – asked if that location was zoned for retail and commercial?*
***Greg Goodman** - KTonic is currently working with City of Hutto regarding retail/commercial zoning.*

The majority of KTonic's products are sold outside Hutto city limits. Will be manufactured in Hutto, so will bring monies back into Hutto.

Vice Chairman Don Carlson *– Financial solvency is important; looking forward to see everything as it happens.*

Greg Goodman *– The equipment KTonic currently has, is generating output, but not at the capacity needed. KTonic is asking for assistance in purchasing bottle equipment for a bottling line that would process approx. 1200 bottle/minute. $90,000/year one and $30,000/year two, or $120,000 at one time.*

Vice Chairman Don Carlson *– The CDC projects are performance driven, so performance metrics will have to be met.*

Greg Goodman *– He is aware the performance measures are necessary, and will meet them. KTonic is willing to work with the Board. KTonic will be working with TX. Workforce for local employees.*

Secretary Lucas Evans *– likes the idea of something tangible on that corner.*

Greg Goodman *– Ktonic will be 3 lots in, and not on the corner itself, and would definitely need signage.*

Board member Henry Gideon *– It definitely would be a destination site. KTonic is doing a great job; a niche opportunity for a "taproom", and trends, like food trucks, live music, etc., which will bring younger people, etc.*

MOTION: *Board member Henry Gideon made a motion authorizing the Chairman to work with legal counsel and KTonic, LLC. on terms for the Board to consider further. Secretary Lucas Evans seconded the motion.*

ACTION: *The motion passed 7-0.*

The Board recessed at 8:10 p.m., returning at 8:16 p.m.

MOTION: *Vice Chairman Don Carlson made the motion to move* ***Agenda Item 5F*** *for discussion before Agenda Item 5E. Board member Shawn Lucas seconded the motion.*

ACTION: *The motion passed 7-0.*

5F. Presentation, discussion, and possible action on proposed tourism and entertainment project from the City of Hutto and JHL Company.

Stacy Schmitt, PIO for City of Hutto *– Introduced Jennifer Steven, CEO/Owner of JHL*

Company, and give a general update for the Brushy Creek Amphitheater. Due to COVID, 4-5 holiday events were cancelled, as well as other events that been planned for 2020.
Jennifer Stevens *– "Holidays in Hutto" would be an event sponsored by the City and the CDC Board, held at the Amphitheater December 12th. All the safety guidelines have been put in place. The pods are marked off, with room for the lines (refreshments, restrooms, etc.)*
Board member Henry Gideon *– There has always been parking issues.*
Chairman Steven Harris *– Will the public support this event? Social distance be able to be maintained?*
Board member Shawn Lucas *– Is there a contingency plan?*
Board member Henry Gideon *– If there's a rainout? Insurance?*
Jennifer Stevens *– Everything is a "roll of the dice", the weather, etc. Every contract has a "clawback".*
Stacy Schmitt *– Jennifer's team (JHL) is very flexible with the City.*
General Counsel, George Hyde *– If Board is interested, then suggests a Funding Agreement with the City of Hutto, with a public hearing and 60 day waiting period, and City Council's approval, the funds would be available quicker.*

MOTION: *Board member Henry Gideon made a motion authorizing the Chairman to execute a Funding Agreement with the City of Hutto to support the "Holidays in Hutto" in the amount of $50,000. Treasurer Kevin LaFrance seconded the motion.*

ACTION: *The motion passed 7-0.*

5E. Presentation, discussion, and possible action on presentation and proposal from Strategic Government Resources (SGR) for the search for the Executive Director of Economic Development.

Doug Thomas*, (SGR), via conference call.*
Chairman Steven Harris *– The proposal that Doug had sent to the Board was very thorough, and well thought out, and thanked Doug.*
Board member Henry Gideon *– Curious as to what kind of benefits/salary are we looking at for this position?*
Doug Thomas *– Generally, it would start with the past salary, but this position is structured differently with the position will be a liaison between the Board and the City.*
Chairman Steven Harris *– An overview of this position, as previously discussed, is it will be a city level employee, but will also serve as the Board's director, in a hybrid roll. It will be on the agenda as a funding agreement with the City, reimbursing the City for staff.*
Doug Thomas *– the salary will not be published, as the candidates can state expected*

salary, then the Board will decide.
***Chairman Steven Harris** – The new hire will be able to work through the current issues, and also to bring new business to Hutto.*
***Doug Thomas** – Someone with strong understanding, and help to structure going forward. COVID added new dynamic to the city.*
***Board member Shawn Lucas** – will there be a lot of advertising for this position? Strategies?*
***Doug Thomas** – we start with understanding what the Board is looking for, talking with Board members, the city, the Chamber, etc.*
SGR has a service agreement, which states that someone leaves organization within 18 months, SGR will redo their services without fees. Doesn't happen very often, but…
***Board member Shawn Lucas** – does SGR use/consider social media?*
***Doug Thomas** – absolutely. First, there is a detailed questionnaire, the 3-4 video interviews. The candidates are ask to fully disclose any issues. The semi-finalists enter stage 1 data research – goggle, Facebook, etc. Finalists enter stage 2 data research, which includes media search. The Board will receive a file of each candidate.*

MOTION: *Board member Mike Arismendez made a motion to accept the proposal from Strategic Government Resources (SGR) for the search for the Executive Director of Economic Development. The motion was seconded by Treasurer Kevin LaFrance.*

ACTION: *The motion passed 7-0.*
Chairman Steven Harris requested Doug Thomas (SGR) to work with staff, Cheri Bowman and Stacy Schmitt, updating the Board with the search, and scheduling work sessions with Board, when/if necessary.

5G. Public hearing to receive comments for or against the approval of establishing a Project related to business development and entering into a Performance Agreement with Texas State Technical College (TSTC); discussion and possible action adopting a resolution authorizing the Chairman to execute the Performance Agreement with TSTC.

***Legal Counsel, Cathie Childs** – Changing the Interlocal Agreement to a Performance Agreement, a Project, which will have more specific details, focusing on more areas – IT, manufacturing, etc. Includes a "clawback".*
***Board member Lucas Evans** – would like to see "agriculture" added.*
***Board member Henry Gideon** – The 2019 Interlocal Agreement is still out there…?*
***General Counsel, George Hyde** – he will draft a letter to TSTC, stating the 2019 Interlocal Agreement is an "executed agreement in error, not allowable".*
***Board member Shawn Lucas** – would like to see more metric data for specifics used for*

performance measures.
A public hearing to receive comments for or against the approval of establishing a Project related to business development and entering into a Performance Agreement with Texas State Technical College (TSTC) was opened at 9:40 p.m.
There were no public comments.
The public hearing was closed at 9:40 p.m.

The Board recessed at 9:40 p.m., returning at 9:46 p.m.

5J. Discussion and possible action regarding adopting a resolution approving the KOKE-fest project and a funding agreement and partial assignment with the City of Hutto, Texas.

Legal Counsel George Hyde *– The board only agreed to a 1 year contract, but this contract from the City, states 4 years. Does the Board want to amend to 4 years?*
Vice Chairman Don Carlson – no, would rather be able to renew yearly.

MOTION: *Vice Chairman Don Carlson made a motion to accept the partial assignment and funding agreement with the City of Hutto, Texas, with the amendment of only 1 year. Board member Henry Gideon seconded the motion.*

ACTION: *The motion passed 7-0.*

5K. Discussion and possible action regarding amending the Economic Development Corporation Type A's and the Hutto Community Development Corporation Type B's bylaws.

MOTION: *Board member Mike Arismendez made a motion to approve the Hutto Community Development Type B amended bylaws. Vice Chairman Don Carlson seconded the motion.*

ACTION: *The motion passed 7-0.*

5L. Discussion and possible action regarding adopting a resolution authorizing the HCDC and Chairman to execute a revocable drainage easement regarding 5 parcels at the Megasite Project with Williamson County, Texas.

MOTION: *Board member Mike Arismendez made a motion to adopt a resolution authorizing the HCDC and Chairman to execute a revocable drainage easement regarding 5 parcels at the Megasite Project with Williamson County, Texas. Vice Chairman Don Carlson seconded the motion.*

ACTION: *The motion passed 7-0.*

EXECUTIVE SESSION

No Executive Session

ADJOURNMENT

With no other business to conduct, the meeting was adjourned at 10:00 p.m.

Community Development Corporation

Steven Harris, Chairman

ATTEST:

Cheri Bowman, Economic Development Specialist
Business Retention Specialist