AGENDA

1. CALL SESSION TO ORDER
2. ROLL CALL
3. INVOCATION
4. PLEDGE OF ALLEGIANCE
5. CITY COUNCIL COMMENTS
   5A. General Comments from City Council
6. PUBLIC COMMENT
   Any citizen wishing to speak during public comment regarding an item on or off the agenda may do so after completing the required registration card. In accordance with the Texas Attorney General’s Opinion, any public comment that is made on an item that is not on the published final agenda will only be heard by the City Council. No formal action, discussion, deliberation, or comment will be made by the City Council. Each person providing public comment will be limited to 3 minutes.
   6A. Remarks from visitors. (Three-minute time limit)
7. PROCLAMATIONS:
   7A. Proclamation declaring February 2018, as Love Your Library Month in Hutto, Texas.
8. PRESENTATIONS:
8A. Recognition of the City of Hutto for receiving the Police-Community Partnerships National Award for 2017 from the National Association of Town Watch for its outstanding participation in 'America's Night Out Against Crime.' (Officer Suzanne Glass)

9. **PUBLIC HEARINGS:**

9A. Work Session to discuss City Council governing documents. (Helen Ramirez)

   - Strategic Plan
   - Magnificent Seven

10. **CONSENT AGENDA ITEMS:**

    All items listed on the consent agenda are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless requested by a Council member in which event, the item will be removed from the consent agenda and considered as a regular agenda item.

10A. Consideration and possible action on a resolution concerning leasing eight (8) Police Department vehicles through American National Leasing Company. (Chief Byron Frankland)

**REGULAR AGENDA ITEMS**

11. **ORDINANCES:**

11A. Consideration and possible action on the second and final reading of an ordinance amending the Fiscal Year 2017-18 Budget to reflect organizational restructuring, revision of CIP projects, the update of debt service funds to reflect the October 2017 debt issuance, and other miscellaneous adjustments. (Michel Sorrell)

12. **RESOLUTIONS:**

12A. Consideration and possible action on a resolution amending the Fiscal and Budgetary Policy. (Michel Sorrell)

12B. Consideration and possible action on a resolution adopting the City’s Investment Policy dated February 1, 2018. (Michel Sorrell)

12C. Consideration and possible action on a resolution ordering the May 5, 2018 General Election for the purpose of electing City Council, Place 2 and City Council, Place 5. (Lisa Brown)

   Consideración y posible acción sobre una resolución ordenando la Elección General del 5 de mayo de 2018 con el propósito de elegir el Concejo de la Ciudad, el Lugar 2 y el Consejo de la Ciudad, Lugar 5. (Lisa Brown)
13. **EXECUTIVE SESSION:**

13A. Executive Session, as authorized by Texas Government Code, Section 551.071, regarding consultation with Attorney, and Section 551.072.

14. **ADJOURNMENT**

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].

**CERTIFICATION**

I certify that this notice of the February 1, 2018 Hutto City Council meeting was posted on the City Hall bulletin board of the City of Hutto on January 26, 2018 at 10:20 AM.

**Original Agenda Signed**

Lisa Brown, City Secretary

The City of Hutto is committed to comply with the American with Disabilities Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special communications or accommodations must be made 48 hours prior to the meeting. Please contact the City Secretary at (512) 759-4033 or lisa.brown@huttotx.gov for assistance.
Official Proclamation

Whereas, libraries enable individuals to make informed decisions and serve as community centers for lifelong learning and the City of Hutto has given library cards to nearly 4,000 residents; and

Whereas, libraries support a competitive workforce with basic literacy programs, computers, and other resources to help children and adults learn to find, evaluate and use information they need for their jobs, health, education, and other needs; and

Whereas, many libraries like the City of Hutto offer story time hours and summer and winter reading programs to encourage children to begin and continue habits of reading that will benefit their personal and professional lives; and

Whereas, libraries provide free of charge to their resident patrons wholesome recreation, spurs to imagination, and inspiration through books, videos, audio books, DVDs and other publications.

Now, Therefore, I, DOUG GAUL, MAYOR, of the City of Hutto, do hereby proclaim the Month of February 2019, as

“LOVE YOUR LIBRARY MONTH”

in Hutto, and encourage all citizens to visit their library and thank a librarian for making this unique and wonderful institution possible.

Proclaimed this the 1st day of February 2018.

CITY OF HUTTO, TEXAS

Doug Gaul, Mayor
Recognition of the City of Hutto for receiving the Police-Community Partnerships National Award for 2017 from the National Association of Town Watch for its outstanding participation in 'America’s Night Out Against Crime.' (Officer Suzanne Glass)

STRATEGIC GUIDE POLICY: Public Safety

ITEM BACKGROUND:
The National Association of Town Watch is the national organizing body that promotes and coordinates the annual National Night Out Against Crime in cities throughout the country. The City of Hutto has been an active participant for many years with community involvement growing significantly in the last few years. This award is testimony to the city’s commitment to this program which continues to bring our community together to make our city a safer place to live.

BUDGETARY AND FINANCIAL SUMMARY:
Not applicable.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
Not applicable.

STAFF RECOMMENDATION:
Not applicable.
SUPPORTING MATERIAL:
There are no supporting documents.
City of Hutto
City Council Governing Documents

*** Work in Process ****
Overview

• Over the years, Councils have adopted several different documents that define the direction and focus for the city of Hutto.

• This year we need to focus on updating and aligning these documents to reflect the wishes and desires of the residents and current council.
2018 Council/Staff Goal & Focus

- Review, align, and update all documents that drive the direction of the city of Hutto forward
- Develop timeline to insure documents are reviewed and updated on a scheduled basis
- Resolve conflicts between document and plans
- Review and updates should not be done in vacuum, many will require residents and/or boards and commissions input
Current Documents for Review and Update

• 2040 Comprehensive plan – Adopted 2015
  • Outlines what Council/Citizens vision Hutto in 25 years
  • Citizens should have input in plan

• Strategic/Execution Guide – Adopted 2017
  • Defines current goals and objectives
  • Should be updated annually

• Council Protocol – Adopted August 2015
  • Defines council policies

• Council Relations – Adopted November 2015
  • Defines how council interacts with each other and staff
  • Defines how council interacts with citizens
Master plans

• Comprehensive Improvement Plan – CIP – Adopted 2017
  • Planning and Zoning makes annual Recommendation
• Parks Master Plan – Adopted December 2015
• Wastewater Master Plan – Adopted February 2013
• Water Master Plan – Adopted May 2016
• Mobility Master Plan – In process
• EDC Realignment to type B Board – In process
• Future Land Use Map – Adopted 2017
Next Steps

• Get council buy in to begin process to review and update
• Define priority with council & staff
• Develop Gantt chart for timeline to review and update documents
  • With scheduled workshops and residents input sessions
Consideration and possible action on a resolution concerning leasing eight (8) Police Department vehicles through American National Leasing Company. (Chief Byron Frankland)
Staff recommends City Council approve the resolution as submitted.

**SUPPORTING MATERIAL:**
1. Resolution
2. PDVehicleQuote
RESOLUTION NO. ____________________

A RESOLUTION REGARDING A FINANCE CONTRACT WITH AMERICAN NATIONAL LEASING COMPANY FOR THE PURPOSE OF LEASING VEHICLES FOR THE CITY OF HUTTO, TEXAS.

WHEREAS, City of Hutto desires to enter into Lease Contracts with American National Leasing Company for the purpose of leasing eight (8) vehicles.

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

SECTION 1. That the City will enter into a Lease Contract with American National Leasing Company for the purpose of Leasing Vehicles.

SECTION 2: That the City will designate Odis Jones, City Manager, or his designee, as an authorized signer of the Lease Contract dated as of February 1, 2018, by and between the City of Hutto and American National Leasing Company.

CONSIDERED AND RESOLVED on this the 1st day of the month of February, 2018.

THE CITY OF HUTTO, TEXAS

________________________________________
Doug Gaul, Mayor

ATTEST:

________________________________________
Lisa Brown, City Secretary
Vehicle 1
# American National Leasing Company

## GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2436C

**LESSOR:**

**AMERICAN NATIONAL LEASING COMPANY**
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:**

CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:**

Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

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<th>Qty</th>
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<td><strong>2017 FORD Explorer Police AWD</strong> With CAP Fleet Emergency Equipment</td>
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<td>$47,564.25</td>
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</table>

**TOTAL:**  
$47,564.25

**LESS DOWN PAYMENT:**  
$(0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
$47,664.25

Lessee: Please Initial
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2436C – CITY OF HUTTO

SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

| No. of Years: | 3 | Base Lease Payment: | $13,687.00 |
| No. of Lease Payments: | 3 | Sales Tax: | EXEMPT |
| For Business Use inside: | Williamson County | Property Tax: | EXEMPT |
| | | Total Payment: | $13,687.00 |
| | | Lease End Date: | February 2, 2021 |

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier but Lessor itself makes no express or implied warranties as to the Equipment whatsoever. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).

Lessee: Please Initial
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee's unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof, and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor's filing a UCC-1 Financing Statement to reflect Lessor's interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor's name, or to endorse the current title to Lessor's name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the "Purchase Option Price"). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor's rights in the Equipment to Lessee AS-IS WHERE- IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee's title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; if being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee's expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrainted, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190

Lessee: Please Initial
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee’s expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2436C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: ____________________________
   Billy Hughes
   Leasing Officer

Lessee(s): City of Hutto
          401 w. Front St.
          Hutto, Texas 78634
          Federal Tax ID# 74-1472192

By: ____________________________
   Odis Jones
   City Manager

LESSEE'S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
          401 w. Front St.
          Hutto, Texas 78634
          Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: ____________________________
   Odis Jones
   City Manager

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
# Exhibit A

**Lease payments**

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Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
Lease No: ANLC# 2436C
CONTACT: LT. Dwain Jones
City of Hutto
BUSINESS PHONE: 512.759.5978

Acceptance Date:
SOURCE: (3) Year Lease

Hutto Police
2017 ford explorer $47,564.25
VIN# 1FM5K8AR7HGB6559E $0.00
$0.00
Emergency Equipment $0.00 CAP
Graphics and installation $0.00

FREIGHT/HANDLING: $0.00
TOTAL PURCHASE PRICE $47,564.25
Doc Fee $100.00
Down Payment $0.00
Net Capitalized Cost $47,664.25

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<td>736.46</td>
<td>12,950.54</td>
<td>10,001.05</td>
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<tr>
<td>02/02/21</td>
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<td>0</td>
<td>0.00</td>
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Net Capitalized Cost 47,664.25 $3,397.80
Interest Rate 3.2000%
Residual Value $1.05
Rounding Adjustment (0.05)
Adjusted Res. Value $1.00
<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Unit Price</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2017 FORD EXPLORER 1FM5K8AR7HGB65599 PO#AMNAT10/13/17</td>
<td>47564.25</td>
<td>47564.25</td>
</tr>
</tbody>
</table>

TRADE:

PLEASE MAIL PAYMENT TO:

CALDWELL COUNTRY FORD
P.O. BOX 72
ROCKDALE, TX 76567

TERMS: NET 30

---

Payment Details

- Cash
- Check
- Credit Card

Subtotal: 47564.25
Shipping & Handling: 0.00
Taxes: 0.00

TOTAL: 47564.25

Office Use Only
DEAL# 16535

TO CALDWELL COUNTRY FORD
<table>
<thead>
<tr>
<th>Certificate of Origin for a Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date</strong>: November 23, 2016</td>
</tr>
<tr>
<td><strong>Invoice No</strong>: GB65599 2</td>
</tr>
<tr>
<td><strong>Vehicle Identification No</strong>: 1FM5K8AR7HGB65599</td>
</tr>
<tr>
<td><strong>Year</strong>: 2017</td>
</tr>
<tr>
<td><strong>Make</strong>: FORD</td>
</tr>
<tr>
<td><strong>Body Type</strong>: 113 Explorer Police AWD 4DR</td>
</tr>
<tr>
<td><strong>MPG (SAE)</strong>: 33.93</td>
</tr>
<tr>
<td><strong>GVWR</strong>: 6342 LBS</td>
</tr>
<tr>
<td><strong>No Cyls</strong>: 6</td>
</tr>
<tr>
<td><strong>Nominal Tonnage</strong>: 1/2</td>
</tr>
<tr>
<td><strong>Shipping Weight</strong>: 4548 LBS.</td>
</tr>
</tbody>
</table>

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

**NAME OF DISTRIBUTOR, DEALER, ETC**: Caldwell Country Ford  
479 West Highway 79  
Rockdale, TX 76567

**P.O. NUMBER STOCK**: 52V769  
It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

**MEMO DATA**

<table>
<thead>
<tr>
<th>Finance Source: 660055</th>
</tr>
</thead>
</table>

**FORD MOTOR COMPANY**  
B43101028  

**BY**: Jonathan E. Osgood  
(AGENT)  
DEARBORN, MICHIGAN  
CITY-STATE  

**BANK OF AMERICA**  
4161 Piedmont Pkwy.,  
Greensboro, NC 27410
<table>
<thead>
<tr>
<th>NAME OF PURCHASER(S)</th>
<th>CITY OF HUTTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS</td>
<td>401 W FRONT STREET HUTTO TX 76634</td>
</tr>
</tbody>
</table>

**Dealer**

<table>
<thead>
<tr>
<th>NAME OF DEALER</th>
<th>C. T. COUNTRY FORD</th>
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</thead>
<tbody>
<tr>
<td>STATE</td>
<td>TX</td>
</tr>
<tr>
<td>COUNTY</td>
<td>MILAM</td>
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Salesperson:

<table>
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<tr>
<th>NAME OF DEALER</th>
<th>DEALERS LICENSE NUMBER</th>
<th>STATE</th>
<th>COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tr>
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</table>

\[signature\]

1. **Notary Public**

<table>
<thead>
<tr>
<th>USE NOTARIZATION ONLY IF REQUIRED IN TITLING JURISDICTION</th>
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</thead>
</table>

\[instrument\]

<table>
<thead>
<tr>
<th>NAME OF PURCHASER(S)</th>
<th>ADDRESS</th>
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<tbody>
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\[signature\]

1. **Notary Public**

<table>
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<th>STATE</th>
<th>COUNTY</th>
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<tbody>
<tr>
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</table>

\[signature\]

1. **Notary Public**

<table>
<thead>
<tr>
<th>NAME OF PURCHASER(S)</th>
<th>ADDRESS</th>
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</thead>
<tbody>
<tr>
<td></td>
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</table>

\[signature\]

1. **Notary Public**

<table>
<thead>
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<th>DEALERS LICENSE NUMBER</th>
<th>STATE</th>
<th>COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[signature\]

1. **Notary Public**

1. **DISTRIBUTION DEALER ASSIGNMENT NUMBER 1**

\[signature\]

1. **Notary Public**

<table>
<thead>
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<th>NAME OF PURCHASER(S)</th>
<th>ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[signature\]

1. **Notary Public**

1. **DISTRIBUTION DEALER ASSIGNMENT NUMBER 2**

\[signature\]

1. **Notary Public**

1. **DISTRIBUTION DEALER ASSIGNMENT NUMBER 3**

\[signature\]

1. **Notary Public**

1. **DISTRIBUTION DEALER ASSIGNMENT NUMBER 4**

\[signature\]

1. **Notary Public**

Federal Law requires you to state the odometer mileage in connection with the transfer of ownership. Fraud to procure or providing a false statement may result in fines and/or imprisonment.

I certify to the best of my knowledge that the odometer reading on the vehicle is: **No Tents**

**WARNING: ODOMETER DISCREPANCY**

\[signature\]

\[name\]

\[company\]

\[address\]

1. **CREDITOR**

\[signature\]

\[name\]

\[company\]

\[address\]
Vehicle 2
# American National Leasing Company

## GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2437C

**LESSOR:**

**AMERICAN NATIONAL LEASING COMPANY**  
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:**

CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:**

Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

<table>
<thead>
<tr>
<th>Model Number</th>
<th>Serial #</th>
<th>EQUIPMENT INFORMATION</th>
<th>Qty</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>K8AT</td>
<td>1FM5K8AR5HGB65603</td>
<td>2017 FORD Explorer Police AWD With CAP Fleet Emergency Equipment</td>
<td>1</td>
<td>$47,164.25</td>
</tr>
</tbody>
</table>

**TOTAL:**  
$47,164.25

**LESS DOWN PAYMENT:**  
($0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
$47,264.25

Lessee: Please Initial
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2437C - CITY OF HUTTO

SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

<table>
<thead>
<tr>
<th>No. of Years:</th>
<th>3</th>
<th>Base Lease Payment:</th>
<th>$13,545.00</th>
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</thead>
<tbody>
<tr>
<td>No. of Lease Payments:</td>
<td>3</td>
<td>Sales Tax:</td>
<td>EXEMPT</td>
</tr>
<tr>
<td>For Business Use inside:</td>
<td>Williamson County</td>
<td>Property Tax:</td>
<td>EXEMPT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Payment:</td>
<td>$13,545.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lease End Date:</td>
<td>February 2, 2021</td>
</tr>
</tbody>
</table>

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).

Lessee: Please Initial
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee’s unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof; and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor’s filing a UCC-1 Financing Statement to reflect Lessor’s interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor’s name, or to endorse the current title to Lessor’s name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the “Purchase Option Price”). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor’s rights in the Equipment to Lessee AS-IS WHERE- IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee’s title to this Lease, to the Lease payments or other amounts due hereunder; and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee’s expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee’s attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment); to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) **Events of Default.** In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) **Remedies.** If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) **Late Charges.** Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) **Expense of Enforcement.** Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) **NON-WAIVER:** The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) **SPECIAL PROVISIONS:** **FISCAL FUNDING:** The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in

Lessee: Please Initial

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy, Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee's expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2437C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: ____________________________  
Billy Hughes  
Leasing Officer

Lessee(s): City of Hutto  
401 w. Front St.  
Hutto, Texas 78634  
Federal Tax ID# 74-1472192

By: ____________________________  
Odis Jones  
City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto  
401 w. Front St.  
Hutto, Texas 78634  
Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: ____________________________  
Odis Jones  
City Manager

Lessee: Please Initial

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Lease Payment</th>
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<tbody>
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<td>02/02/2018</td>
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<tr>
<td>02/02/2019</td>
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</tr>
<tr>
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<td>02/02/2021</td>
<td>$13,545.00</td>
</tr>
<tr>
<td>02/02/2021</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>
Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
 Lease No: ANLC# 2437C  
CONTACT: LT. Dwain Jones  
City of Hutto  
BUSINESS PHONE: 512.759.5978

Acceptance Date: 
SOURCE: (3) Year Lease

**Hutto Police**

<table>
<thead>
<tr>
<th>Year</th>
<th>Make/Model</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Ford Explorer</td>
<td>$47,164.25</td>
</tr>
</tbody>
</table>

**VIN**: 1FM5K8AR5HGB65603  
**Emergency Equipment**: $0.00 CAP  
**Graphics and installation**: $0.00  
**FREIGHT/HANDLING**: $0.00  
**TOTAL PURCHASE PRICE**: $47,164.25  
**Doc Fee**: $100.00  
**Down Payment**: $0.00  
**Net Capitalized Cost**: $47,264.25

<table>
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<tr>
<th>Date</th>
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<th>Days Accrual</th>
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<th>Note Balance</th>
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**Net Capitalized Cost**: $47,264.25  
**Interest Rate**: 3.2000%  
**Residual Value**: $1.17  
**Rounding Adjustment**: (0.17)  
**Adjusted Res. Value**: $1.00
Caldwell Country Ford

P.O. Box 72
Rockdale, TX 76567
P: 512-446-7377   F: 512-446-2900

Invoice No
HGB65603

INVOICE

Date: 12/19/2017

Customer
Name: CITY OF HUTTO
Address: 401 W FRONT STREET
City: HUTTO State: TX Zip: 78634
Phone: (512)459-5978

Order No. Rep FOB

<table>
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TRADE:

PLEASE MAIL PAYMENT TO:
Caldwell Country Ford
P.O. Box 72
Rockdale, TX 76567

TERMS: NET 30

Subtotal: 47164.25
Shipping & Handling: 0.00
Taxes: 0.00

TOTAL: 47164.25

Office Use Only
DEAL#: 16609
DATE
NOVEMBER 18, 2016

INVOICE NO.
GB65603

VEHICLE IDENTIFICATION NO.
1FM5K8AR5HGB65603

YEAR
2017

MAKE
FORD

BODY TYPE
113 EXPLORER POLICE AWD 4DR

SHIPPING WEIGHT
4548 LBS.

NO. CYLS
6

SERIES OR MODEL
K8AT

HP (SAE)
33.93

GVWR
6342 LBS

NOMINAL TONNAGE
1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER, ETC.
Caldwell Country Ford
479 West Highway 79
Rockdale, TX 76567

P.O. NUMBER STOCK
52V769

It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA
---
FINANCE SOURCE  660055

BANK OF AMERICA
4161 Piedmont Pkwy.,
Greensboro, NC 27410

FORD MOTOR COMPANY
B43056528

BY
JONATHAN E. OSGOOD, SECRETARY (AGENT)

DEARBORN, MICHIGAN
CITY - STATE
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**Federal Law Requires You to Keep the Odometer Mileage in Connection with the Transfer of Ownership.**

**WARNING ODOMETER DISCREPANCY**

- If the statement is false, the odometer reading is not the actual mileage.
- The mileage stated in excess of its mechanical limits.

**Signature(s) of Seller(s)**

- Date of Statement
- Date of Sale
- Printed Name(s) of Seller(s)
- Dealer's No.
- Signature of Purchaser(s)
- Printed Name(s) of Purchaser(s)
- Company Name (if applicable)
- Address of Purchaser(s)

**1st lien in favor of**

- AMERICAN NATIONAL LEASING
- ADDRESS IS 1400 Midsouth PKWY WICHITA FALLS TEXAS 76308

**2nd lien in favor of**

- Address is
Vehicle 3
# American National Leasing Company

## GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2438C

**LEASOR:**

**AMERICAN NATIONAL LEASING COMPANY**  
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:**

CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:**

Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

<table>
<thead>
<tr>
<th>Model Number</th>
<th>Serial #</th>
<th>EQUIPMENT INFORMATION</th>
<th>Qty</th>
<th>Price</th>
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</table>
| K8AT         | 1FM5K8AR7HGB65604 | **2017 FORD Explorer Police AWD**  
With CAP Fleet Emergency Equipment | 1   | **$47,164.25** |

**TOTAL:**  
**$47,164.25**

**LESS DOWN PAYMENT:**  
($0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
**$47,264.25**

Copyright 2012 American National Leasing Company
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2438C – CITY OF HUTTO

SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

<table>
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<tr>
<th>No. of Years:</th>
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<th>Base Lease Payment:</th>
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<td>Lease End Date:</td>
<td>February 2, 2021</td>
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</table>

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).

Lessee: Please Initial

American National Leasing Company (“ANLC”) 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
7) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee's unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof; and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor's filing a UCC-1 Financing Statement to reflect Lessor's interest in the Equipment. Lessee shall retain the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor's name, or to endorse the current title to Lessor's name.

8) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the "Purchase Option Price"). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessee's rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9) ASSIGNMENT: Lessor may assign this Lease and Lessee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee's title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessor may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessor agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessor agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessor and Lessee, at Lessor's expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time, and to keep it in first class condition and repair at Lessee's expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee's interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee's affairs shall so change as to, in the Lessor's opinion, impair the Lessor's security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor's remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor's reasonable attorney's fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee's annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee’s expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2438C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: ________________________________
    Billy Hughes
    Leasing Officer

Lessee(s): City of Hutto
        401 w. Front St.
        Hutto, Texas 78634
        Federal Tax ID# 74-1472192

By: ________________________________
    Odis Jones
    City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
        401 w. Front St.
        Hutto, Texas 78634
        Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: ________________________________
    Odis Jones
    City Manager
### Exhibit A

**Lease Payments**

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<td>$10,000.00</td>
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*Lessee: Please Initial*
Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
**Hutto Police**

2017 ford explorer  
VIN# 1FM5K8AR7HGB65604

<table>
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<td>Emergency Equipment</td>
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<tr>
<td>Graphics and installation</td>
<td>$0.00</td>
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**FREIGHT/HANDLING:**  
$0.00

**TOTAL PURCHASE PRICE:**  
$47,164.25

<table>
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<th>Description</th>
<th>Amount</th>
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<tr>
<td>Doc Fee</td>
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<tr>
<td>Down Payment</td>
<td>$0.00</td>
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**Net Capitalized Cost:**  
$47,264.25

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<th>Date</th>
<th>Lease Payment</th>
<th>Days</th>
<th>Accr. Interest</th>
<th>Principal</th>
<th>Note Balance</th>
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<tr>
<td>02/02/19</td>
<td>13,545.00</td>
<td>365</td>
<td>1,512.46</td>
<td>12,032.54</td>
<td>35,231.71</td>
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<tr>
<td>02/02/20</td>
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<td>365</td>
<td>1,127.41</td>
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<td>13,545.00</td>
<td>366</td>
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<td>10,001.17</td>
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**Net Capitalized Cost:**  
$47,264.25

**Interest Rate:**  
3.2000%

**Residual Value:**  
$1.17

**Rounding Adjustment:**  
(0.17)

**Adjusted Res. Value:**  
$1.00

**Lease No:** ANLC# 2438C

**CONTACT:** LT. Dwain Jones
City of Hutto
BUSINESS PHONE: 512.759.5978

**Acceptance Date:**

**SOURCE:** (3) Year Lease
**CALDWELL COUNTRY FORD**  
P.O. Box 72  
Rockdale, TX 76567  
P: 512-446-7377  F: 512-446-2900

**INVOICE**

**Date:** 12/19/2017

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<th>Quantity</th>
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| 1        | 2017 FORD EXPLORER  
1FM5KBA7HGB65604  
PO#AMNAT10/13/17 | 47164.25 | 47164.25 |

TRADE:

PLEASE MAIL PAYMENT TO:

CALDWELL COUNTRY FORD  
P.O. BOX 72  
ROCKDALE, TX 76567

TERMS: NET 30

Payment Details:

- [ ] Cash
- [x] Check
- [ ] Credit Card

Please remit payment to CALDWELL COUNTRY FORD.
CERTIFICATE OF ORIGIN FOR A VEHICLE

DATE
NOVEMBER 21, 2016

VEHICLE IDENTIFICATION NO.
1FM5K8AR7HGB65604

YEAR
2017

MAKE
FORD

BODY TYPE
113 EXPLORER POLICE AWD 4DR

SHIPMENT WEIGHT
4548 LBS.

HP (SAE)
33.93

GVWR
6342 LBS

NO. CYL
6

SERIES OR MODEL
K8AT

NOMINAL TONNAGE
1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER, ETC.
P.O. NUMBER STOCK

Caldwell Country Ford
479 West Highway 79
Rockdale TX 76567

52V769
It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA
FINANCE SOURCE 660055

BANK OF AMERICA
4161 Piedmont Pkwy,
Greensboro NC 27410

B43074374

FORD MOTOR COMPANY

BY

DEARBORN, MICHIGAN

CITY - STATE

AGENT:
Each undersigned seller certifies to the best of his knowledge, information and belief under penalty of law that the vehicle is new and has not been registered in this or any state at the time of delivery and the vehicle is not subject to any security interest other than those disclosed herein and warranted title to the vehicle.

NAME OF PURCHASER(S)  CITY OF HUTTO
ADDRESS  401 W FRONT STREET HUTTO TX 78634

DEALER  CALDWELL COUNTRY FORD
STATE OF  TX
COUNTY OF  MILAM
DATE  1-DEC-17

NAME OF PURCHASER(S)  CITY OF HUTTO
ADDRESS  401 W FRONT STREET HUTTO TX 78634

DEALER  CALDWELL COUNTRY FORD
STATE OF  TX
COUNTY OF  MILAM
DATE  1-DEC-17

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DEALER  CALDWELL COUNTRY FORD
STATE OF  TX
COUNTY OF  MILAM
DATE  1-DEC-17

FEDERAL LAW REQUIRES YOU TO SIGNS THE ODOMETER MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLIANCE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINE AND/OR IMPRISONMENT.

I certify to the best of my knowledge that the odometer reading is 110,843.00

By:  

Date of Statement  1-DEC-17

Date of Sale  1-DEC-17

Signature(s) of Seller(s)  DRT

Printed Name(s) of Seller(s)  DRT

Signature(s) of Purchaser(s)  DRT

Printed Name(s) of Purchaser(s)  DRT

Company Name of Applicant  CALDWELL COUNTRY FORD

Address of Purchaser(s)  401 W FRONT STREET HUTTO TX 78634
Vehicle 4
## American National Leasing Company

**GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2439C**

**LESSOR:** AMERICAN NATIONAL LEASING COMPANY  
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:** CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:** Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

<table>
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<tr>
<th>Model Number</th>
<th>Serial #</th>
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<th>Qty</th>
<th>Price</th>
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<tbody>
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<td>2017 FORD Explorer Police AWD With CAP Fleet Emergency Equipment</td>
<td>1</td>
<td>$47,164.25</td>
</tr>
</tbody>
</table>

**TOTAL:** $47,164.25

**LESS DOWN PAYMENT:** ($0.00)  
ANLC Document Fees: $100.00  
**TOTAL CAPITALIZED COST:** $47,264.25

Lessee: Please Initial

Copyright 2012 American National Leasing Company
SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

No. of Years: 3  
No. of Lease Payments: 3  
For Business Use inside: Williamson County

Base Lease Payment: $13,545.00  
Sales Tax: EXEMPT

Property Tax: EXEMPT

Total Payment: $13,545.00

Lease End Date: February 2, 2021

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee's unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof; and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor's filing a UCC-1 Financing Statement to reflect Lessor's interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor's name, or to endorse the current title to Lessor's name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the “Purchase Option Price”). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor's rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee's title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee’s expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.

Lessee: Please Initial

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein; or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee's expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: ________________________________
    Billy Hughes
    Leasing Officer

Lessee(s): City of Hutto
          401 w. Front St.
          Hutto, Texas 78634
          Federal Tax ID# 74-1472192

By: ________________________________
    Odis Jones
    City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
          401 w. Front St.
          Hutto, Texas 78634
          Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: ________________________________
    Odis Jones
    City Manager
## Exhibit A

**Lease payments**

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Lease Payment</th>
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<tbody>
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</tr>
<tr>
<td>02/02/2021</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>
Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
Lease No: ANLC# 2439C
CONTACT: LT. Dwain Jones
City of Hutto
BUSINESS PHONE: 512.759.5978

Acceptance Date:
SOURCE: (3) Year Lease

**Hutto Police**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>2017 ford explorer</td>
<td>$47,164.25</td>
</tr>
<tr>
<td>VIN# 1FM5K8AR9HGB65605</td>
<td>$0.00</td>
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<tr>
<td>Emergency Equipment</td>
<td>$0.00 CAP</td>
</tr>
<tr>
<td>Graphics and installation</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**FREIGHT/HANDLING:** $0.00

**TOTAL PURCHASE PRICE:** $47,164.25

**Doc Fee:** $100.00

**Down Payment:** $0.00

**Net Capitalized Cost:** $47,264.25

<table>
<thead>
<tr>
<th>Date</th>
<th>Lease Payment</th>
<th>Days Accrual</th>
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**Net Capitalized Cost:** $47,264.25

**Interest Rate:** 3.2000%

**Residual Value:** $1.17

**Rounding Adjustment:** (0.17)

**Adjusted Res. Value:** $1.00
## INVOICE

**Caldwell Country Ford**

P.O. Box 72  
Rockdale, TX 76567  
P: 512-446-7377  F: 512-446-2900

**Invoice No:**  
HGB65605

---

### Customer Details

- **Name:** CITY OF HUTTO  
- **Address:** 401 W FRONT STREET  
- **City:** HUTTO  
- **State:** TX  
- **Zip:** 75634  
- **Phone:** (512) 739-5978

---

### Product Details

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| 1        | 2017 FORD EXPLORER  
1FM5KBAR9HGB65605 | 47164.25 | 47164.25 |

---

**TRADE:**

---

**PLEASE MAIL PAYMENT TO:**

Caldwell Country Ford  
P.O. BOX 72  
ROCKDALE, TX 76567

**TERMS:** NET 30

---

**Payment Details:**

- [ ] Cash  
- [ ] Check  
- [ ] Credit Card

**Name:**

**CC#**

Expires

---

**PLEASE REMIT PAYMENT TO:**

Caldwell Country Ford  
P.O. BOX 72  
ROCKDALE, TX 76567

**Amount Due:** 47164.25

**Date:** 12/19/2017  
**Order No.:** 127192017  
---

2439C
CERTIFICATE OF ORIGIN FOR A VEHICLE

DATE: NOVEMBER 17, 2016

VEHICLE IDENTIFICATION NO.: 1FM5K9AR9HGB65605

YEAR: 2017

MAKE: FORD

BODY TYPE: 113 EXPLORER POLICE AWD 4DR

SHIPPING WEIGHT: 4548 LBS.

H.P.(SAE) G.V.WR. NO CYLBS SERIES OR MODEL

33.93 6342 LBS 6 KBAT

NOMINAL TONNAGE: 1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER, ETC: Caldwell Country Ford
479 West Highway 79
Rockdale, TX 76567

P.O. NUMBER: 52V769

It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA

FINANCE SOURCE: 660055

BANK OF AMERICA
4161 Piedmont Pkwy.,
Greensboro, NC 27410

FORD MOTOR COMPANY

B43045044

BY

Jonathan E. Cogdell

JOE HANIZ, CEO, SECRETARY

AGENT

DEARBORN, MICHIGAN

CITY, STATE
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<td>201 W FRONT STREET HUTTO, TX 78634</td>
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<tr>
<td>Dealer</td>
<td>CALDWELL COUNTRY FORD</td>
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<tr>
<td>State</td>
<td>TX</td>
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**Use Notarization Only if Required in Title Jurisdiction**

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**Use Notarization Only if Required in Title Jurisdiction**

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**Use Notarization Only if Required in Title Jurisdiction**

---

Federal Law requires you to state the odometer mileage in connection with the transfer of ownership. Failure to complete or providing a false statement may result in fines and imprisonment. I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked. Odometer Reading: No Tents. The mileage stated is in excess of the vehicle's mechanical limits. The odometer reading is not the actual mileage.

**WARNING: ODOMETER DISCREPANCY**

Signature(s) of Seller(s): 
Printed Name(s) of Seller(s): 
Dealer's No.: 
Signature(s) of Purchaser(s): 
Printed Name(s) of Purchaser(s): 
Company Name (If Applicable): 
Address of Purchaser(s): 

**Use Notarization Only if Required in Title Jurisdiction**

---

1st lien in favor of AMERICAN NATIONAL LEASING, whose address is 3732 Midwestern Parkway, Midland, Texas 79708.
Vehicle 5
American National Leasing Company

GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2440C

LESSOR:
AMERICAN NATIONAL LEASING COMPANY
2732 Midwestern Parkway
Wichita Falls, TX 76308

LESSEE:
CITY OF HUTTO
401 W. FRONT ST.
HUTTO, TEXAS 78634
(830) 401 - 2302

VENDORS:
Caldwell Country Ford
P.O. Box 72
Rockdale, Texas 76567
(512) 446 - 7377

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<td>$47,164.25</td>
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TOTAL: $47,164.25

LESS DOWN PAYMENT: ($0.00)
ANLC Document Fees: $100.00
TOTAL CAPITALIZED COST: $47,264.25

Lessee: Please Initial
SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

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[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).

Lessee: Please Initial

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee’s unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessor will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof, and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor’s filing a UCC-1 Financing Statement to reflect Lessor’s interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor’s name, or to endorse the current title to Lessor’s name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the ‘Purchase Option Price’). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor’s rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessee may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee’s title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee’s expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessee may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee’s attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessee and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee's affairs shall so change as to, in the Lessor's opinion, impair the Lessor's security or increase the credit risk involved, then in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrearage of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee's annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee's expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2440C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: __________________________
    Billy Hughes
    Leasing Officer

Lessee(s): City of Hutto
401 w. Front St.
Hutto, Texas 78634
Federal Tax ID# 74-1472192

By: __________________________
    Odis Jones
    City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
401 w. Front St.
Hutto, Texas 78634
Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: __________________________
    Odis Jones
    City Manager
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Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
**Hutto Police**

- **2017 ford explorer**: $47,164.25
- **VIN# 1FM5K8AR0HGB65606**: $0.00
- **Emergency Equipment**: $0.00 CAP
- **Graphics and installation**: $0.00

**FREIGHT/HANDLING**: $0.00

**TOTAL PURCHASE PRICE**: $47,164.25

**Doc Fee**: $100.00

**Down Payment**: $0.00

**Net Capitalized Cost**: $47,264.25

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**Net Capitalized Cost**: $47,264.25

**Interest Rate**: 3.2000%

**Residual Value**: $1.17

**Rounding Adjustment**: (0.17)

**Adjusted Res. Value**: $1.00
## INVOICE

**CALDWELL COUNTRY FORD**  
P.O. Box 72  
Rockdale, TX 76567  
P: 512-446-7377  F: 512-446-2900

### Customer
- **Name:** CITY OF HUTTO  
- **Address:** 401 W FRONT STREET  
- **City:** CITY HUTTO  
- **State:** TX  
- **Zip:** 76564  
- **Phone:** (512)759-5978

### Date
- **Order No.:** 12/19/2017

### Payment Details
- **Cash:** $0.00
- **Check:** $0.00
- **Credit Card:** $0.00

### Terms
- **Net 30**

### Description
- **Quantity:** 1
- **Unit Price:** $47164.25
- **TOTAL:** $47164.25

### Items
- **2017 FORD EXPLORER**  
  1FM5K8AR0HGB65606

### Trade
- **PLEASE MAIL PAYMENT TO:**  
  CALDWELL COUNTRY FORD  
  P.O. BOX 72  
  ROCKDALE, TX 76567

---

**PLEASE REMIT PAYMENT**
DATE
NOVEMBER 21, 2016

INVOICE NO
GB65606

VEHICLE IDENTIFICATION NO.
1FM5K8AR0HGB65606

YEAR
2017

MAKE
FORD

BODY TYPE
113 EXPLORER POLICE AWD 4DR

SHIPPING WEIGHT
4548 LBS.

N.P.(S.A.E.)
33.93

O.V.W.R.
6342 LBS

NO CYLS
6

SERIES OR MODEL
KSAT

NOMINAL TONNAGE
1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER, ETC.
P.O. NUMBER STOCK

Caldwell Country Ford
479 West Highway 79
Rockdale TX 76567

52V769
It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA

FINANCE SOURCE 660055

BANK OF AMERICA
4161 Piedmont Pkwy.
Greensboro NC 27410

FORD MOTOR COMPANY
B43074376

BY
JONATHAN E. CORDOY
SECRETARY
(AGENT)

DEARBORN, MICHIGAN
<table>
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<tr>
<th>Field</th>
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**WARNING: ODOMETER DISCREPANCY**

1st lien in favor of AMERICAN NATURAL LEASING whose address is 2752 Midwestern Parkway Wили, TX 76308

2nd lien in favor of whose address is
Vehicle 6
# American National Leasing Company

**GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2441C**

**LESSOR:**

**AMERICAN NATIONAL LEASING COMPANY**  
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:**  
CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:**  
Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

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<th>Model Number</th>
<th>Serial #</th>
<th>EQUIPMENT INFORMATION</th>
<th>Qty</th>
<th>Price</th>
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</table>
| K8AT         | 1FM5K8AR2HGB65807 | **2017 FORD Explorer Police AWD**  
With CAP Fleet Emergency Equipment | 1   | $47,164.25 |

**TOTAL:**  
$47,164.25

**LESS DOWN PAYMENT:**  
($0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
$47,264.25

Lessee: Please Initial

Copyright 2012 American National Leasing Company
SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

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[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee's unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof, and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor's filing a UCC-1 Financing Statement to reflect Lessor's interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor's name, or to endorse the current title to Lessor's name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the 'Purchase Option Price'). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessee's rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee's title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessor agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee's expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therewith and without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee’s expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2441C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: ____________________________
   Billy Hughes
   Leasing Officer

Lessee(s): City of Hutto
   401 w. Front St.
   Hutto, Texas 78634
   Federal Tax ID# 74-1472192

By: ____________________________
   Odis Jones
   City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
   401 w. Front St.
   Hutto, Texas 78634
   Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: ____________________________
   Odis Jones
   City Manager

Lessee: Please Initial
## Exhibit A

**Lease payments**

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Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
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Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2441C
Lease No: ANLC# 2 QUOTED BY: Billy
American National Leasing Company
BUSINESS PHONE: 940-397-2457
City of Hutto
Tax ID # 74-1472192
Hutto Police
2017 ford explorer $47,164.25
VIN# 1FM5K8AR2HGB65607 $0.00
$0.00
Emergency Equipment $0.00 CAP
Graphics and installation $0.00
FREIGHT/HANDLING: $0.00
TOTAL PURCHASE PRICE $47,164.25
Doc Fee $100.00
Down Payment $0.00
Net Capitalized Cost $47,264.25

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</table>

Net Capitalized Cost $47,264.25
Interest Rate 3.2000%
Residual Value $1.17
Rounding Adjustment (0.17)
Adjusted Res. Value $1.00

Acceptance Date:
SOURCE: (3) Year Lease
## CALDWELL COUNTRY FORD
P.O. Box 72
Rockdale, TX 76567
P: 512-446-7377  F: 512-446-2900

**INVOICE**

**Customer**
Name: CITY OF HUTTO
Address: 401 W FRONT STREET
City: HUTTO  State: TX  Zip: 78634
Phone: (512)759-5978

**Date**
Order No.: 12/19/2017
Rep: 
FOB: 

<table>
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<th>Quantity</th>
<th>Description</th>
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TRADE:

PLEASE MAIL PAYMENT TO:
CALDWELL COUNTRY FORD
P.O. BOX 72
ROCKDALE, TX 76567

TERMS: NET 30

**Payment Details**
- [ ] Cash
- [ ] Check
- [ ] Credit Card

**Card Information**
- Name:
- CC#:
- Expires:

2441 C

PLEASE REMIT PAYMENT TO: CALDWELL COUNTRY FORD
CERTIFICATE OF ORIGIN FOR A VEHICLE

DATE: NOVEMBER 23, 2016

INVOICE NO: GB5607

VEHICLE IDENTIFICATION NO: 1FM5K8AR2HGB65607

YEAR: 2017

MAKE: FORD

BODY TYPE: 113 EXPLORER POLICE AWD 4DR

SHIPPING WEIGHT: 4548 LBS.

G.V.W.R: 6342 LBS

N.C. CYL: 6

SERIES OR MODEL: K8AT

NOMINAL TONNAGE: 1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the invoice number indicated to the following distributor or dealer:

NAME OF DISTRIBUTOR, DEALER, ETC: Caldwell Country Ford

P.O. NUMBER: 52V769

STOCK: 660055

FORD MOTOR COMPANY

52V769

It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA

FINANCE SOURCE: B43101030

FORD MOTOR COMPANY

BANK OF AMERICA

JONATHAN E. COYARD

4161 Piedmont Pkwy.,

SECRETARY (AGENT)

Greensboro NC

DEARBORN, MICHIGAN

27410

CITY / STATE
Vehicle 7
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2442C

LESSOR:  
**AMERICAN NATIONAL LEASING COMPANY**
2732 Midwestern Parkway  
Wichita Falls, TX 76308

LESSEE:  
CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

VENDORS:  
Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

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<td>2017 FORD Explorer Police AWD With CAP Fleet Emergency Equipment</td>
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</table>

**TOTAL:**  
$47,164.25

**LESS DOWN PAYMENT:**  
($0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
$47,264.25

Lessee: Please Initial

Copyright 2012 American National Leasing Company
SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

No. of Years: 3
No. of Lease Payments: 3
For Business Use inside: Williamson County

Base Lease Payment: $13,545.00
Sales Tax: EXEMPT
Property Tax: EXEMPT
Total Payment: $13,545.00
Lease End Date: February 2, 2021

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in “Equipment Information” (the “Equipment”). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee's unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof; and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor's filing a UCC-1 Financing Statement to reflect Lessor's interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor's name, or to endorse the current title to Lessor's name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the "Purchase Option Price"). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor's rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee's title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any assignee of Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee's expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of liens, encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do so, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that is has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in

Lessee: Please Initial
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee's expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A
PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS
THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE
BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor:  American National Leasing Company

By: ________________________________
    Billy Hughes
    Leasing Officer

Lessee(s): City of Hutto
    401 w. Front St.
    Hutto, Texas 78634
    Federal Tax ID# 74-1472192

By: ________________________________
    Odis Jones
    City Manager

LESSEE’S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO
US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have
approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully
inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We
understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its
fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Date of Acceptance: February 2, 2018

By: ________________________________
    Odis Jones
    City Manager
Lease payments

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Exhibit A
Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
**Hutto Police**

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<td>Graphics and installation</td>
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**Freight/Handling:** $0.00  
**Total Purchase Price:** $47,164.25

**Lease No: ANLC# 2442C**  
**Contact:** LT. Dwain Jones  
City of Hutto  
**Business Phone:** 512.759.5978

**Acceptance Date:**  
**Source:** (3) Year Lease

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**Net Capitalized Cost:** $47,264.25  
**Interest Rate:** 3.2000%  
**Residual Value:** $1.17  
**Rounding Adjustment:** (0.17)  
**Adjusted Res. Value:** $1.00  
**Net Capitalized Cost:** $3,371.92
### Invoice

**Caldwell Country Ford**

**P.O. Box 72**

**Rockdale, TX 76567**

**P: 512-446-7377  F: 512-446-2900**

**Invoice No**

**HGB65608**

---

**Customer**

**Name:** CITY OF HUTTO  
**Address:** 401 W FRONT STREET  
**City:** HUTTO  
**State:** TX  
**Zip:** 78634  
**Phone:** (512) 739-5978

**Date:** 12/19/2017

**Order No.:**  
**Rep.:**  
**FOB:**

---

<table>
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<tr>
<th>Quantity</th>
<th>Description</th>
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<td>47164.25</td>
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**Trade:**

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**Please mail payment to:**

Caldwell Country Ford  
P.O. Box 72  
Rockdale, TX 76567

**Terms:** Net 30

---

**Payment Details**

- [ ] Cash  
- [x] Check  
- [ ] Credit Card

**Name:**  
**CC#:**  
**Expires:**

---

**PLEASE REMIT TO:**

Caldwell Country Ford  
P.O. Box 72  
Rockdale, TX 76567
CERTIFICATE OF ORIGIN FOR A VEHICLE

DATE  NOVEMBER 21, 2016
INVOICE NO. GB65608 2

VEHICLE IDENTIFICATION NO. 1FM5K8AR4HGB65608 YEAR  2017 MAKE FORD

BODY TYPE 113 EXPLORER POLICE AWD 4DR SHIPPING WEIGHT 4548 LBS.

MP (SAE)  33.93 GVWR 6342 LBS NO. CYLS 6 SERIES OR MODEL K9AT

NOMINAL TONNAGE 1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER ETC.  P.O. NUMBER STOCK

Caldwell Country Ford
479 West Highway 79
Rockdale TX 76567

52V769
It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA

FINANCE SOURCE 660055
FORD MOTOR COMPANY

BANK OF AMERICA
4161 Piedmont Pkwy.,
Greensboro NC 27410

B43074378

DEARBORN, MICHIGAN

BY JONATHAN E. COGERT (AGENT)
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<td>ADDRESS</td>
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Caldwell Country Ford

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<tr>
<th>STATE OF</th>
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<tr>
<td>COUNTY OF</td>
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NAME OF DEALER

| DEALER'S LICENSE NUMBER | PT12575 |

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NAME OF PURCHASER(S)

| ADDRESS |          |

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NAME OF DEALER

| DEALER'S LICENSE NUMBER | PT12575 |

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Odometer Disclosure for Retail Sale

<table>
<thead>
<tr>
<th>Signature(s) of Seller(s)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Statement</td>
<td></td>
</tr>
<tr>
<td>Date of Sale</td>
<td></td>
</tr>
<tr>
<td>Printed Name(s) of Seller(s)</td>
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<tr>
<td>Dealer's No</td>
<td></td>
</tr>
<tr>
<td>Signature of Purchaser(s)</td>
<td></td>
</tr>
<tr>
<td>Printed Name(s) of Purchaser(s)</td>
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</tr>
<tr>
<td>Company Name (If Applicable)</td>
<td>State of</td>
</tr>
<tr>
<td>Address of Purchaser(s)</td>
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</table>

1st lien in favor of

American National Lending

Whose address is:

432 Midwestern Parkway
Wichita Falls, Texas 76301

2nd lien in favor of

Whose address is:

Notary Public
Vehicle 8
# American National Leasing Company

## GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2443C

**LESSOR:**  
**AMERICAN NATIONAL LEASING COMPANY**  
2732 Midwestern Parkway  
Wichita Falls, TX 76308

**LESSEE:**  
CITY OF HUTTO  
401 W. FRONT ST.  
HUTTO, TEXAS 78634  
(830) 401 - 2302

**VENDORS:**  
Caldwell Country Ford  
P.O. Box 72  
Rockdale, Texas 76567  
(512) 446 - 7377

<table>
<thead>
<tr>
<th>Model Number</th>
<th>Serial #</th>
<th>EQUIPMENT INFORMATION</th>
<th>Qty</th>
<th>Price</th>
</tr>
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</table>
| K8AT         | 1FM5K8AR6HGB85609 | **2017 FORD Explorer Police AWD**  
With CAP Fleet Emergency Equipment | 1   | $47,164.25  |

**TOTAL:**  
$47,164.25

**LESS DOWN PAYMENT:**  
($0.00)

**ANLC Document Fees:**  
$100.00

**TOTAL CAPITALIZED COST:**  
$47,264.25

---

Lessee: Please **Initial**
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2443C – CITY OF HUTTO

SCHEDULE OF LEASE PAYMENTS DURING THE BASE TERM:

<table>
<thead>
<tr>
<th>No. of Years:</th>
<th>3</th>
<th>Base Lease Payment:</th>
<th>$13,545.00</th>
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<tbody>
<tr>
<td>No. of Lease Payments:</td>
<td>3</td>
<td>Sales Tax:</td>
<td>EXEMPT</td>
</tr>
<tr>
<td>For Business Use inside:</td>
<td>Williamson County</td>
<td>Property Tax:</td>
<td>EXEMPT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Payment:</td>
<td>$13,545.00</td>
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<td>Lease End Date:</td>
<td>February 2, 2021</td>
</tr>
</tbody>
</table>

[END OF LEASE PURCHASE OPTION]

If the Lessee makes all the Lease payments on Schedule A for the entire stated term, Lessee may buy the Equipment for $1.00.

TERMS AND CONDITIONS

1.) LEASE: Lessor leases to Lessee, and Lessee leases from Lessor the Equipment listed in "Equipment Information" (the "Equipment"). Said Equipment will be located at the above address of the Lessee and will not be moved to a new location without written permission first given by Lessor. Lessor acknowledges receipt of the first Lease payment referred to above from Lessee. Any amounts received by the Lessor from Lessee, at or prior to the date of this Lease, in excess of the first Lease payment as shown above, shall be held as security for the performance of the terms of this Lease. If Lessee is not in default hereunder, or under any other Lease between the parties hereto, said security shall be applied toward the payment of Lease at the end of the term of this Lease, or (at Lessor’s option) returned to Lessee.

2.) COMPLETE AGREEMENT: This document (referred to as the “Lease” or the “Agreement”) constitutes the entire agreement between Lessor and Lessee regarding the Equipment. No verbal representation or statement made by any representative of the Lessor or Lessee shall be binding unless expressly stated herein. Whenever the word Lessor is used herein, it shall include both the original Lessor and all assignees of Lessor.

3.) ACCEPTANCE; DELIVERY: Lessee agrees that it has selected the Equipment, and the Lessor shall not be liable for specific performance or for damages, if any, if for any reason the vendor delays or fails to fill the Equipment order. Lessee shall accept such Equipment delivered in good condition and authorizes Lessor to insert the serial number and any additional descriptive matter in “Equipment Information” in connection with the Equipment.

4.) MAINTENANCE: Lessee agrees that all maintenance, service, and Equipment warranties, are the sole obligation of the vendor or supplier of the Equipment. Lessor authorizes the Lessee to enforce in Lessee’s own name any warranty, agreement or representation, if any, which may be made regarding the Equipment by the vendor or supplier BUT LESSOR ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO THE EQUIPMENT WHATSOEVER. Lessee has selected the Equipment to be financed by this Lease and Lessor is merely providing financing for such Equipment. Lessor is not the vendor of the Equipment, and Lessor makes no warranties in regard to the Equipment. All warranties regarding the Equipment, including but not limited to the warranties of MERCHANTABILITY and FITNESS FOR A PARTICULAR PURPOSE are expressly disclaimed by Lessor.

The disclaimers or limitations in this Section 4 do not apply to any warranties made by the vendor or supplier of the Equipment, all of which may be enforced by Lessee.

5.) LEASE PAYMENTS: The total Lease payments for lease of the Equipment are shown on Exhibit A. Lessee promises and agrees to pay all specified Lease payments in advance on or before the date designated for the payments in Exhibit A without demand. Said Lease payments shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate to Lessee in writing.

In the event this Lease is not “bank qualified” under Section 265(b)(3) of the Internal Revenue Code (meaning Lessee or its subordinate entities issue more than $10,000,000 in tax exempt debt during the same calendar year this Lease is funded), or if the interest portion of the Lease payments is not excluded from federal income taxation, the Lease payments shall be recalculated using a “Gross Up Rate” (meaning a new interest rate on the amount funded by Lessor) of N.Y. Prime +1% per annum.

6.) LEASE TERM: This Lease shall have a term commencing on the Date of Acceptance by Lessee (shown in the “Lessee’s Acceptance”) until the Lease End Date shown on page 2, unless this Lease is earlier terminated by reason of default (Section 12) or non-appropriation (Section 14).

Lessee: Please Initial

American National Leasing Company ("ANLC") 2732 Midwestern Pkwy. Wichita Falls, TX 76308 940-397-2490 FAX: 940-235-4190
7.) OWNERSHIP; RETURN; PERSONAL PROPERTY: Subject to all rights granted to or retained by Lessor under this Agreement (including Lessee’s unconditional obligation to return possession and title to the Equipment to Lessor at the end of the term of this Lease regardless of the reason for termination) title to the Equipment shall be in the name of the Lessee. Upon the termination of this Lease for any reason, Lessee will immediately return said Equipment and all additions to the Equipment to Lessor in as good condition as received, normal wear and tear excepted, or Lessee may purchase the Equipment for the Purchase Option Price then in effect. Any profit or loss from disposition of the Equipment after it is returned to Lessor will be the responsibility of, and belong to, the Lessor. The Equipment shall always remain and be deemed personal property even though attached to realty. All replacements, Equipment repairs or accessories made to or placed in or upon said Equipment shall become a component part thereof; and title thereto shall be immediately vested in Lessee; and shall be included under the terms hereof. All advances made by Lessor to preserve said Equipment or to pay insurance premiums for insurance thereon or to discharge and pay any taxes, liens or encumbrances thereon shall be added to the unpaid balance of Lease Payments due hereunder and shall be repayable by Lessee to Lessor immediately together with interest thereon at the rate of twelve (12%) per cent annum until paid.

If ownership of the Equipment is evidenced by a certificate of title (for example, a motor vehicle), such title shall be endorsed to show Lessor as a lienholder. Lessee further covenants to Lessor’s filing a UCC-1 Financing Statement to reflect Lessor’s interest in the Equipment. Lessee shall return the title, endorsed to Lessor, at the same time Lessee returns the Equipment. Should Lessee fail to return the title endorsed to Lessor, Lessee hereby designates Lessor as having full legal power and authority (including a limited irrevocable power of attorney) either to apply for a new title in Lessor’s name, or to endorse the current title to Lessor’s name.

8.) PURCHASE OPTION: If no Event of Default has occurred and is continuing, Lessee shall have the option at any time to purchase all (but not less than all) the Equipment at the price stated in Exhibit A, plus any applicable sales taxes and fees (all being the “Purchase Option Price”). Lessee must give Lessor irrevocable written notice at least 30 days before the purchase date that it will purchase the Equipment unless the purchase is being made at the end of the term of this Agreement and the Purchase Option Price is $1.00. The Purchase Option Price as defined in Exhibit A shall be used for any purchase of the Equipment by the Lessee prior to the end of the scheduled term. Upon payment by Lessee of the Purchase Option Price, Lessor shall transfer all of Lessor’s rights in the Equipment to Lessee AS-IS WHERE-IS WITH ALL FAULTS without any representation or warranty whatsoever, and this Agreement shall terminate.

9.) ASSIGNMENT: Lessor may assign this Lease and its assignee may reassign the same, without the consent of Lessee. All rights of Lessor hereunder shall be succeeded to by any assignee hereof and said assignee’s title to this Lease, to the Lease payments or other amounts due hereunder, and in and to the Equipment shall be free from all defenses, setoffs or counterclaims of any kind or character which Lessee may be entitled to assert against the original Lessor; it being understood and agreed that any agreement of the original Lessor does not assume any obligations of the original Lessor herein named. It is further understood and agreed, however, that Lessee may separately claim against the original Lessor as to any matters that Lessee may be entitled to assert against the original Lessor.

Neither this Lease nor any interest herein is assignable or transferable by operation of law, or otherwise, by Lessee.

10.) LOSS; DAMAGE; INSURANCE: As between Lessor and Lessee, Lessee assumes the entire risk of loss from all use and operation of the Equipment and no such loss shall relieve Lessee of its obligations hereunder. Lessee agrees to and does hereby indemnify and hold Lessor harmless, from and against all claims, costs, expenses, damages and liabilities, including reasonable attorney fees resulting from or pertaining to the use or operation of the Equipment during the term of this Agreement, or while said Equipment is otherwise in possession of the Lessee. Lessee agrees to keep the Equipment insured (i.e., property insurance) to protect all interests of Lessee and Lessor, at Lessee’s expense, against all risks of loss or damage from every cause whatsoever for not less than the unpaid balance of the Lease payments due hereunder to maturity or 80% of the then current value of said Equipment, whichever is higher. Lessee shall further maintain commercial general liability insurance regarding injury, damage or death resulting out of the operation of the Equipment during the term hereof or while the Equipment is in the possession of Lessee, and including any liability of Lessor for public liability and property damage. Lessor may, but shall not be obligated to, insure said Equipment at the expense of Lessee. The proceeds from such insurance policies shall be paid to Lessor as its interests may appear and Lessor shall be named as an additional insured and loss payee in all said policies. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said Equipment, or the payment of obligations of Lessee hereunder, at the option of Lessor. Lessee hereby appoints Lessor as Lessee’s attorney-in-fact to make claims for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued in regard to said Equipment.

Lessor and Lessee acknowledge that Lessor is only financing the Equipment, and Lessor does not hold title to, use, operate, control or maintain the Equipment, all of which shall be done by Lessee during the term hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2443C – CITY OF HUTO

11.) USE; TAXES; INSPECTION AND CONDITION: Lessee agrees to use, operate and maintain said Equipment in accordance with all applicable laws; to pay all licensing or registrations fees for said Equipment and to keep the same free of levies, liens and encumbrances; to file all personal property tax returns (if any are due on the Equipment), to pay all taxes, assessments, fees and penalties which may be levied or assessed on or in respect to said Equipment or its use or any interest therein, or upon the Lease payments (provided Lessor shall pay its own income taxes on the Lease payments), including but not limited to, all federal, state and local taxes, however designated, levied or assessed upon the Lessee and Lessor or either of them in regard to said Equipment, or upon the use or operation thereof. Lessee shall permit Lessor to inspect said Equipment at any time; and to keep it in first class condition and repair at Lessee’s expense and house the same in suitable shelter; and not to sell or otherwise dispose of Lessee’s interest therein or in any additions or accessories attached thereto during the term of this Lease.

12.) EVENTS OF DEFAULT; REMEDIES; LATE CHARGES; EXPENSES OF ENFORCEMENT:

(a) Events of Default. In the event Lessee shall default in the payment of any Lease payment due, or any other sums due hereunder for a period of fifteen (15) days or more, or in the event of any default or breach of the terms and conditions of this Lease, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, or if the condition of the Lessee’s affairs shall so change as to, in the Lessor’s opinion, impair the Lessor’s security or increase the credit risk involved, then and in that event Lessee shall return the Equipment as provided in Section 7 and Section 12(b). If Lessee fails to do so, the Lessor shall have the right to retake immediate possession of the Equipment, and for such purpose, the Lessor may enter upon any premises where said Equipment may be and may remove the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceeding by the Lessee.

(b) Remedies. If this Lease terminates by reason of event of default (Section 12), non-appropriation (Section 14) or otherwise prior to the end of the entire Lease term shown on Exhibit A, and if Lessee has not paid the applicable Purchase Option Price Lessor’s remedies shall be the following:

(i) Lessee shall return the Equipment to Lessor as provided in Section 7.

(ii) Lessor may retain all Lease payments previously paid by Lessee.

(iii) Upon return of the Equipment full legal title thereto shall be automatically vested in Lessor, and Lessee will deliver title as provided in Section 7.

(iv) Lessor may, at its option, sell the Equipment at public or private sale for cash or on credit and may become the purchaser at such sale. Any gain or loss on such sale shall accrue and belong to Lessor.

(c) Late Charges. Whenever any payment is more than ten (10) days late, the Lessee promises to pay to the Lessor or its assigns, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment and to make such payments as liquidated damages occasioned by such delay, if allowed by law.

(d) Expense of Enforcement. Upon default under any provision of this Lease, the Lessee shall be liable for arrears of lease payments, during any period for which Lessee has made appropriation under Section 14, if any. Further, if Lessee fails to return the Equipment (and title, if any) to Lessor, Lessee shall be liable for (i) the expense of retaking possession and the removal of the Equipment, (ii) court costs, and (iii) Lessor’s reasonable attorney’s fees.

13.) NON-WAIVER: The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the Lease Payments due and to become due and all other sums to be paid hereunder have been paid in cash.

14.) SPECIAL PROVISIONS: FISCAL FUNDING: The Lessee warrants that it has funds available to pay the Lease payments payable pursuant to this Agreement until the end of its current appropriation period and warrants that it presently intends to make payments in each appropriation period from now until the end of the Lease term. The officer of the Lessee responsible for preparation of Lessee’s annual budget shall request from its legislative body funding to be paid to Lessor under this Agreement. If notwithstanding the making in good faith of such request in
accordance with appropriate procedures and with the exercise of reasonable care and diligence, such legislative body over funding authority does not appropriate funds to be paid to Lessor then at the end of the fiscal year for which Lessee has made appropriation Lessee shall be released of its obligation to make Lease payments to Lessor due after the end of the period for which appropriation was made, provided the Equipment (and any related title documents) are returned to Lessor by Lessee and at Lessee's expense, in good condition, normal wear and tear excepted. In addition to return of the Equipment pursuant to the terms of this Agreement, Lessor shall retain all sums paid by Lessee and for which appropriation was made. To the extent permitted by law, Lessee may not terminate the Lease in order to purchase, rent or lease property performing functions similar to those performed by the Equipment, and agrees not to permit functions similar to those performed through the use of the Equipment to be performed by its own employees or by any agency or entity affiliated with or hired by the Lessee.

15.) SEVERABILITY: The provisions of this Lease are severable, and if any one of such provisions are determined to be illegal or unenforceable, the same shall not impair the effectiveness of the remaining provisions hereof.
GOVERNMENT LEASE PURCHASE AGREEMENT NO. 2443C – CITY OF HUTTO

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ. LESSEE REPRESENTS THAT ALL ACTION TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF THE LESSEE BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

Date of Acceptance: February 2, 2018

Lessor: American National Leasing Company

By: __________________________
    Billy Hughes
    Leasing Officer

Lessee(s): City of Hutto
    401 w. Front St.
    Hutto, Texas 78634
    Federal Tax ID# 74-1472192

By: __________________________
    Odis Jones
    City Manager

LESSEE'S ACCEPTANCE

TO VENDORS (Caldwell Country Ford) ACCEPTANCE MUST BE SIGNED BY LESSEE AND RETURNED TO US BEFORE YOUR INVOICE CAN BE PROCESSED FOR PAYMENT.

We as Lessee agree the above listed Equipment is satisfactory in every way, accepted by us and we as Lessee have approved payment of the Total Capitalized Cost by Lessor to Vendor. We, as Lessee, hereby agree that we have fully inspected the Equipment leased hereunder and acknowledged it to be in good condition to our complete satisfaction. We understand that you, as Lessor, make no warranties, either expressed or implied, as to the condition of the Equipment, or its fitness for any particular purpose. We understand that this installation is not made on a trial basis.

Lessee(s): City of Hutto
    401 w. Front St.
    Hutto, Texas 78634
    Federal Tax ID# 74-1472192

Date of Acceptance: February 2, 2018

By: __________________________
    Odis Jones
    City Manager

Lessee: Please Initial
### Exhibit A

**Lease payments**

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<td>$10,000.00</td>
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Exhibit A

Purchase Option Price

If Lessee has made all the Lease payments shown on Exhibit A for the entire stated term of the Lease, Lessee may buy the Equipment free and clear of all rights of the Lessor for $1.00.

Lessee may also buy the Equipment at any time prior to the end of the full stated Lease term by paying to Lessor:

(a) The remaining unpaid balance of the principal payments due for the entire stated term of the Lease shown on Exhibit A (the Lease payments have both a principal and interest component like any loan), plus

(b) Accrued but unpaid interest on such principal amount as of such purchase date.

The Lessor will calculate such payments and furnish them to Lessee as requested.
Lease No: ANLC# 2443C
CONTACT: LT. Dwain Jones
City of Hutto
BUSINESS PHONE: 512.759.5978

Acceptance Date:
SOURCE: (3) Year Lease

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<td>47,264.25</td>
</tr>
<tr>
<td>02/02/19</td>
<td>13,545.00</td>
<td>365</td>
<td>1,512.46</td>
<td>12,032.54</td>
<td>35,231.71</td>
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<td>02/02/20</td>
<td>13,545.00</td>
<td>365</td>
<td>1,127.41</td>
<td>12,417.59</td>
<td>22,814.12</td>
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<tr>
<td>02/02/21</td>
<td>13,545.00</td>
<td>366</td>
<td>732.05</td>
<td>12,812.95</td>
<td>10,001.17</td>
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<tr>
<td>02/02/21</td>
<td>10,000.00</td>
<td>0</td>
<td>0.00</td>
<td>10,000.00</td>
<td>1.17</td>
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</tbody>
</table>

Net Capitalized Cost: $47,264.25
Interest Rate: 3.2000%
Residual Value: $1.17
Rounding Adjustment: (0.17)
Adjusted Res. Value: $1.00

Net Capitalized Cost: $3,371.92
# Invoice

Caldwell Country Ford
P.O. Box 72
Rockdale, TX 76567
P: 512-446-7377  F: 512-446-2900

**INVOICE**

<table>
<thead>
<tr>
<th>Customer</th>
<th>Date</th>
<th>Order No.</th>
<th>Rep</th>
<th>FOB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12/19/2017</td>
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<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Unit Price</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>1</td>
<td>2017 FORD EXPLORER 1FM5KBR6HGB65609</td>
<td>47164.25</td>
<td>47164.25</td>
</tr>
</tbody>
</table>

**TRADE:**

Please mail payment to:
Caldwell Country Ford
P.O. Box 72
Rockdale, TX 76567

Terms: Net 30

**Payment Details**

- [X] Cash
- [ ] Check
- [ ] Credit Card

Name ____________________________

CC# ____________________________
Expires ____________________________

Total: 47164.25

Deal# 16536

Please remit payment to Caldwell Country Ford.
CERTIFICATE OF ORIGIN FOR A VEHICLE

DATE
NOVEMBER 18, 2016

INVOICE NO
GB65609 2

VEHICLE IDENTIFICATION NO
1FM5K8AR6HGB65609

MAKE
FORD

YEAR
2017

BODY TYPE
113 EXPLORER POLICE AWD 4DR

SHIPPING WEIGHT
4548 LBS.

HP (SAE)
33.93

G V W R
6342 LBS

NO. CYL
6

SERIES OR MODEL
K8AT

NO. TONNAGE 1/2

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the invoice Number indicated to the following distributor or dealer:

NAME OF DISTRIBUTOR, DEALER ETC.
P. O. NUMBER STOCK

Caldwell Country Ford
479 West Highway 79
Rockdale TX 76567

52V769
It is further certified that this was the first transfer of such new motor vehicle in ordinary trade and commerce.

MEMO DATA

FINANCE SOURCE 660055

BANK OF AMERICA
4161 Piedmont Pkwy.,
Greensboro NC 27410

FORD MOTOR COMPANY

B43056530

BY

Jonathan E. Osgood
SECRETARY (AGENT)

DEARBORN, MICHIGAN

CITY STATE
CITY OF HUTTO
401 W FRONT STREET HUTTO TX 78634

Caldwell Country Ford
PT1275

NAME OF PURCHASER(S):

ADDRESS:

I certify to the best of my knowledge that the odometer reading is

No Tenth

NAME OF PURCHASER(S):

ADDRESS:

I certify to the best of my knowledge that the odometer reading is

No Tenth

NAME OF PURCHASER(S):

ADDRESS:

I certify to the best of my knowledge that the odometer reading is

No Tenth

NAME OF PURCHASER(S):

ADDRESS:

I certify to the best of my knowledge that the odometer reading is

No Tenth

Name(s) of Seller(s):

Date of Statement:

Printed Name(s) of Seller(s):

Dealer's No.

Signature of Purchaser(s):

Date of Sale:

Printed Name(s) of Purchaser(s):

Notary Public

Company Name (If Applicable):

Address of Purchaser(s):

1st lien in favor of

2nd lien in favor of
ITEM: Consideration and possible action on the second and final reading of an ordinance amending the Fiscal Year 2017-18 Budget to reflect organizational restructuring, revision of CIP projects, the update of debt service funds to reflect the October 2017 debt issuance, and other miscellaneous adjustments. (Michel Sorrell)

STRATEGIC GUIDE POLICY: Fiscal Responsibility

ITEM BACKGROUND:
This represents the first amendment of the FY 2018 Budget. The amendments are detailed in the Exhibit A Fund Summaries. The main purpose of the amendment is to reflect organization restructuring, including the addition of an economic development department, revisions to CIP projects, debt service related to the October 2017 issuance, the increase in the amount of Hotel Tax money for KOKFEST, and other miscellaneous adjustments.

The funds being amended are the General Fund, General Debt Service Fund, Hotel Tax Fund, Utility Fund and the Utility Debt Service Fund.

BUDGETARY AND FINANCIAL SUMMARY:
Please see Exhibit A for the financial summary.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
Not applicable.
STAFF RECOMMENDATION:

Staff recommends the Council approve the second and final reading of the ordinance.

SUPPORTING MATERIAL:
1. FY18 BA#1 Ordinance
2. FY18 BA#1 Exhibit A
ORDINANCE NO. ______________


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

SECTION 1: That the appropriations for the fiscal year beginning October 1, 2017, and ending September 30, 2018, for the support of the general government of the City of Hutto, Texas, be amended for said term in accordance with the change in expenditures shown in the attached Exhibit A.

SECTION 2: That the amendment, as shown in words and figures in Exhibit A, is hereby approved in all aspects and adopted as an amendment to the City budget for the fiscal year October 1, 2017, and ending September 30, 2018.

SECTION 3: 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 law and the City Charter.

SECTION 4: It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of this ordinance of any such invalid phrase, clause, sentence, paragraph or section. If a court of competent jurisdiction to be invalid shall adjudge any provision of this Ordinance, the invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision, and to this end the provisions of this Ordinance are declared to be severable.

SECTION 5: All ordinances or parts of ordinances and sections of the City Code of Ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 6: This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Tex. Loc. Gov't. Code and the City Charter.

SECTION 7: It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter. 551, Tex. Gov't. Code.
READ and APPROVED on first reading on this the 18th day of January 2018, at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

READ, APPROVED and ADOPTED on second and final reading this 1st day of February 2018, at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

CITY OF HUTTO, TEXAS

________________________
Doug Gaul, Mayor

ATTEST:

________________________
Lisa Brown, City Secretary
### GENERAL FUND SUMMARY

#### 2017-18

<table>
<thead>
<tr>
<th>Category</th>
<th>BUDGET</th>
<th>BA#1</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>6,824,740</td>
<td>6,824,740</td>
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<tr>
<td>Sales Taxes</td>
<td>3,097,108</td>
<td>3,297,198</td>
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<tr>
<td>Franchise Fees</td>
<td>834,655</td>
<td>834,655</td>
<td></td>
</tr>
<tr>
<td>Permit &amp; Inspection Fees</td>
<td>908,575</td>
<td>949,075</td>
<td></td>
</tr>
<tr>
<td>General Fines</td>
<td>347,163</td>
<td>347,163</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Fees</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Trash Collection Fees</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Charges for Services (Governmental)</td>
<td>272,850</td>
<td>275,850</td>
<td></td>
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<tr>
<td>Interest &amp; Other</td>
<td>361,250</td>
<td>473,250</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>12,646,431</td>
<td>13,001,931</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>City Administration</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>City's Manager's Office</td>
<td>663,898</td>
<td>978,794</td>
<td>Increase in legal &amp; professional fees</td>
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<tr>
<td>City Council</td>
<td>737,400</td>
<td>777,400</td>
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<td>Human Resources</td>
<td>401,460</td>
<td>411,373</td>
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<tr>
<td>Economic &amp; Convention</td>
<td>300,119</td>
<td>424,508</td>
<td>New E.D. Director (salary reimb) &amp; Dept</td>
</tr>
<tr>
<td>Capital Lease Interest</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td><strong>Total Administration</strong></td>
<td>2,092,877</td>
<td>2,592,075</td>
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<tr>
<td>Communications</td>
<td></td>
<td></td>
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<tr>
<td>Communications Administration</td>
<td>276,438</td>
<td>296,552</td>
<td>Website costs</td>
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<td>City Secretary</td>
<td>179,267</td>
<td>346,050</td>
<td>2 new positions - paralegal &amp; assistant city secretary</td>
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<tr>
<td>Library</td>
<td>243,593</td>
<td>291,281</td>
<td>Additional Librarian</td>
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<td>Information Technology</td>
<td>315,818</td>
<td>714,415</td>
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<td><strong>Total Communications</strong></td>
<td>1,415,116</td>
<td>1,648,298</td>
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<td>Financial Services</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Finance</td>
<td>898,729</td>
<td>819,774</td>
<td>Restructured Department</td>
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<tr>
<td>Utility Billing</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Municipal Court</td>
<td>251,968</td>
<td>244,421</td>
<td></td>
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<tr>
<td>Fleet &amp; Facility Maintenance</td>
<td>197,205</td>
<td>185,733</td>
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<td><strong>Total Financial Services</strong></td>
<td>1,347,902</td>
<td>1,249,928</td>
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<tr>
<td>Business &amp; Development Services &amp; Engineering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning &amp; GIS</td>
<td>811,592</td>
<td>927,863</td>
<td>Added mobility study &amp; interns</td>
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<tr>
<td>Building &amp; Code Enforcement</td>
<td>447,440</td>
<td>442,865</td>
<td>Changed the building inspector to a CBO</td>
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<td>Engineering</td>
<td>405,870</td>
<td>405,870</td>
<td>Moved Engineering from Public Works</td>
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<tr>
<td><strong>Total Business &amp; Development Services</strong></td>
<td>1,259,032</td>
<td>1,776,598</td>
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<tr>
<td>Public Works</td>
<td></td>
<td></td>
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<tr>
<td>Administration</td>
<td>641,916</td>
<td>317,941</td>
<td>Moved Engineering to Development Services</td>
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<tr>
<td>Construction</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Streets, Drainage &amp; Grounds</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Parks &amp; Recreation</td>
<td>568,068</td>
<td>565,963</td>
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<td>Animal Control</td>
<td>176,933</td>
<td>176,933</td>
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<tr>
<td><strong>Total Engineering &amp; Public Works</strong></td>
<td>1,385,917</td>
<td>1,060,836</td>
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<tr>
<td>Police</td>
<td></td>
<td></td>
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<tr>
<td>Administration</td>
<td>591,695</td>
<td>558,978</td>
<td>Delay admin position</td>
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<td>Patrol</td>
<td>3,183,345</td>
<td>2,998,788</td>
<td>Move positions to CID</td>
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<td>Criminal Investigations</td>
<td>583,310</td>
<td>633,685</td>
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<td>Support Services</td>
<td>540,593</td>
<td>521,908</td>
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<td><strong>Total Police</strong></td>
<td>4,898,942</td>
<td>4,713,359</td>
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<td>Non-Departmental</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Capital Lease Interest</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-Departmental</strong></td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>12,400,786</td>
<td>13,041,094</td>
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<tr>
<td><strong>OTHER FINANCING SOURCES(USES)</strong></td>
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<tr>
<td>Transfers In</td>
<td>435,000</td>
<td>185,000</td>
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</tr>
<tr>
<td>Transfers Out</td>
<td>660,000</td>
<td>(220,000)</td>
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<tr>
<td><strong>Total Other Financial Sources</strong></td>
<td>(245,000)</td>
<td>(35,000)</td>
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</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCE</strong></td>
<td>645</td>
<td>(74,163)</td>
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<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>3,349,484</td>
<td>3,349,484</td>
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<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>3,350,128</td>
<td>3,275,321</td>
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<tr>
<td><strong>Contingency Reserves</strong></td>
<td>3,100,197</td>
<td>3,260,273</td>
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<tr>
<td><strong>Unreserved Ending Funding Balance</strong></td>
<td>249,932</td>
<td>15,047</td>
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### GENERAL DEBT SERVICE FUND

<table>
<thead>
<tr>
<th></th>
<th>2017-18 BUDGET</th>
<th>2017-18 BA#1</th>
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<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>1,614,814</td>
<td>1,614,814</td>
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<tr>
<td>Interest and Other</td>
<td>36,979</td>
<td>36,979</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>1,651,793</td>
<td>1,651,793</td>
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<tr>
<td><strong>EXPENDitures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
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<tr>
<td>Principal Reduction</td>
<td>969,550</td>
<td>884,250</td>
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<tr>
<td>Interest</td>
<td>744,142</td>
<td>1,137,143</td>
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<tr>
<td>Paying Agent Fees</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td>1,716,192</td>
<td>2,023,893</td>
</tr>
<tr>
<td><strong>TRANSFERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Transfer (Expenses)</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCE</strong></td>
<td>(64,399)</td>
<td>(372,101)</td>
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<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td>208,898</td>
<td>144,499</td>
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<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td>144,499</td>
<td>(227,601)</td>
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</table>

$154,017 $ (218,084) Will cover with debt proceeds
### HOTEL TAX

<table>
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<tr>
<th></th>
<th>2017-18 BUDGET</th>
<th>2017-18 BA#1</th>
<th>Notes</th>
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<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel Occupancy Tax</td>
<td>24-5009</td>
<td>250,000</td>
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<tr>
<td>Miscellaneous Income</td>
<td>24-5099</td>
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<td></td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>250,000</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>24-020-006-6402</td>
<td>-</td>
<td>212,500 Advertising for tourism events</td>
</tr>
<tr>
<td>Historical Restoration &amp; Museums</td>
<td>24-020-006-6560</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Convention &amp; Visitor's Bureau (10-15%)</td>
<td>24-020-006-6565</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Promotion of the Arts (&gt;15%)</td>
<td>24-020-006-6566</td>
<td>163,000</td>
<td>37,500 Kokefest</td>
</tr>
<tr>
<td>Sporting Event Promotion</td>
<td>24-020-006-6567</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sports Facility Rehabilitation</td>
<td>24-020-006-6568</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Signage</td>
<td>24-020-006-6233</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>168,000</td>
<td>255,000</td>
<td></td>
</tr>
<tr>
<td><strong>TRANSFERS</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transfers Out (General Fund)</td>
<td>24-020-000-6710</td>
<td>(95,000)</td>
<td>(95,000)</td>
</tr>
<tr>
<td><strong>Total Transfers</strong></td>
<td>(95,000)</td>
<td>(95,000)</td>
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<tr>
<td><strong>NET CHANGE IN FUND BALANCE</strong></td>
<td></td>
<td>(13,000)</td>
<td>(100,000)</td>
</tr>
<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td></td>
<td>234,665</td>
<td>221,660</td>
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<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td></td>
<td>221,660</td>
<td>121,660</td>
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### Utility Fund Summary

<table>
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<tr>
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<th>2017-18 BUDGET</th>
<th>2017-18 BA#1</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Revenues</td>
<td>4,950,000</td>
<td>4,482,500</td>
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<tr>
<td>Wastewater Revenues</td>
<td>4,600,000</td>
<td>4,655,000</td>
<td>WW Increase 25%</td>
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<tr>
<td>Connection Fees</td>
<td>175,000</td>
<td>175,000</td>
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<tr>
<td>Bond Proceeds</td>
<td>12,438,361</td>
<td>7,373,340</td>
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<tr>
<td>Other</td>
<td>454,750</td>
<td>454,750</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>22,618,111</td>
<td>17,140,590</td>
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<td><strong>Expenses</strong></td>
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<tr>
<td>Engineering &amp; Public Works</td>
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<tr>
<td>Water Services</td>
<td>5,573,088</td>
<td>5,536,400</td>
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<tr>
<td>Wastewater Services</td>
<td>2,431,028</td>
<td>2,354,258</td>
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<td><strong>Total - Public Works</strong></td>
<td>8,004,116</td>
<td>7,890,658</td>
<td>Delay Hydroexcavator</td>
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<td>Financial Services</td>
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<tr>
<td>Utility Billing</td>
<td>870,447</td>
<td>870,447</td>
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<tr>
<td><strong>Total - Financial Services</strong></td>
<td>870,447</td>
<td>870,447</td>
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<tr>
<td><strong>Utility Fund Capital Improvements</strong></td>
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<td></td>
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<tr>
<td><strong>Water Capital Outlay System</strong></td>
<td></td>
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<td>FM112 Waterline Relocation</td>
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<td>-</td>
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<tr>
<td>Front St. Waterline</td>
<td>1,186,640</td>
<td>1,186,640</td>
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<tr>
<td>Co-Op Water Line Improvements</td>
<td>300,000</td>
<td>300,000</td>
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<tr>
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<td>275,000</td>
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<tr>
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<td>470,000</td>
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<td>East Street Improvements Water Line</td>
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<td><strong>Wastewater Capital Outlay System</strong></td>
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<tr>
<td>HWY 79 WW Interceptor</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Lakeside Estates Abandon Lift Station</td>
<td>500,000</td>
<td>500,000</td>
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<td>Avery Lake WW Interceptor</td>
<td>5,576,721</td>
<td>511,700</td>
<td>Reduce project scope</td>
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<tr>
<td>Hutto South WWTP</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Carmel Crossings</td>
<td>181,851</td>
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<tr>
<td>Enclave Pump Force Main</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>WW North of Limmer Loop</td>
<td>3,000,000</td>
<td>3,000,000</td>
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</tr>
<tr>
<td>Co-Op WW Improvements</td>
<td>400,000</td>
<td>400,000</td>
<td></td>
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<tr>
<td>Fire Station WW Improvements</td>
<td>300,000</td>
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<td>Project removed</td>
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<tr>
<td>Innovation Business Park WW</td>
<td>430,000</td>
<td>430,000</td>
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<td><strong>Total UF CIP</strong></td>
<td>12,687,965</td>
<td>7,047,944</td>
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<td><strong>Non-Departmental</strong></td>
<td>54,238</td>
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<td><strong>Total Expenditures</strong></td>
<td>21,616,765</td>
<td>15,863,286</td>
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<td><strong>Transfers</strong></td>
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<td>Transfers In</td>
<td>1,200,000</td>
<td>1,200,000</td>
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<tr>
<td>Transfers Out</td>
<td>(4,399,822)</td>
<td>(6,632,177)</td>
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<tr>
<td><strong>Total Transfers (Expenses)</strong></td>
<td>(3,199,822)</td>
<td>(5,432,177)</td>
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<tr>
<td><strong>Net Change in Working Capital</strong></td>
<td>(2,198,476)</td>
<td>(4,154,873)</td>
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<td>Beginning Working Capital</td>
<td>7,312,607</td>
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<td>Contingency Reserves</td>
<td>2,232,200</td>
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<td><strong>Ending Available Working Capital</strong></td>
<td>2,881,931</td>
<td>72,364</td>
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# Utility Debt Service Fund

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<tr>
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<th>2017-18 Budget</th>
<th>2017-18 BA#1</th>
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<td><strong>Revenues</strong></td>
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<tr>
<td>Interest and Other</td>
<td>2,500</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>2,500</td>
<td>2,500</td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Debt Service</td>
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<tr>
<td>Principal Reduction</td>
<td>2,421,050</td>
<td>2,446,350</td>
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<tr>
<td>Interest</td>
<td>1,691,357</td>
<td>4,183,327</td>
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<td>Increase includes 2017 CO</td>
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<td>Paying Agent Fees</td>
<td>5,000</td>
<td>5,000</td>
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<tr>
<td><strong>Total Debt Service Expenditures</strong></td>
<td>4,117,407</td>
<td>6,634,677</td>
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<tr>
<td><strong>Transfers</strong></td>
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<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>4,099,822</td>
<td>6,582,177</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Transfers</strong></td>
<td>4,099,822</td>
<td>6,582,177</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>(15,085)</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>65,085</td>
<td>50,000</td>
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<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>50,000</td>
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AGENDA ITEM NO.: 12A.  
AGENDA DATE: February 01, 2018

PRESENTED BY: Michel Sorrell, Chief Financial Officer

ITEM: Consideration and possible action on a resolution amending the Fiscal and Budgetary Policy. (Michel Sorrell)

STRATEGIC GUIDE POLICY: Fiscal Responsibility

ITEM BACKGROUND:
The City of Hutto adopted a Fiscal and Budgetary Policy in March 2007, which has been amended several times. The City staff and Council must annually review the policy. This proposed amendments to the policy ensures alignment with the City Charter and reflects current practices.

BUDGETARY AND FINANCIAL SUMMARY:
The Fiscal and Budgetary Policy provides guidelines for the day-to-day planning and operations of the City's financial affairs. Revisions to the Fiscal and Budgetary Policy are proposed to ensure the policy remains current, aligns with the Charter and provides clarification on various items.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
Not applicable.

STAFF RECOMMENDATION:
Staff recommends the Council approve the resolution to amend the Fiscal and Budgetary Policy.

SUPPORTING MATERIAL:
1. Resolution - Fiscal & Budgetary Policy Amendment
2. Exhibit A - Fiscal & Budgetary Policy (Redline)
3. Exhibit B - Fiscal & Budgetary Policy (Clean)
RESOLUTION NO. ____________

A RESOLUTION AMENDING THE CITY OF HUTTO FISCAL AND BUDGETARY POLICY

WHEREAS, the City of Hutto assumes a responsibility to its citizens to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public; and

WHEREAS, the City of Hutto developed a Fiscal and Budgetary Policy to enable the City to achieve and maintain a long term stable and positive financial condition and provide guidelines for the City’s financial affairs; and

WHEREAS, the Fiscal and Budgetary Policy spans all areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, accounting and financial reporting, and debt management; and

WHEREAS, the City Council wishes to amend the Fiscal and Budgetary Policy to reflect City philosophy and ensure alignment with the Charter. Policy amendments are presented in Exhibit A.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, that the Hutto City Council hereby approves the amendment of the Fiscal and Budgetary Policy as presented in Exhibit B.

CONSIDERED and RESOLVED on this the 1st day of the month of February, 2018.

THE CITY OF HUTTO, TEXAS

________________________________________
Doug Gaul, Mayor

ATTEST:

________________________________________
Lisa Brown, City Secretary
FISCAL AND BUDGETARY POLICY

Amended April 20, 2017 February 1, 2018

I. OVERVIEW AND STATEMENT OF PURPOSE

The City of Hutto has an important responsibility to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public.

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition, and provide guidelines for the day-to-day planning and operations of the City’s financial affairs. The City’s financial management, as directed by this Policy, is based upon the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

Policy scope generally spans areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, pay philosophy, accounting and financial reporting, debt management, and reserves. This is done in order to:

A. Demonstrate to the citizens of Hutto, the City’s bond holders, other creditors and the bond rating agencies that the City is committed to a strong fiscal operation;
B. Provide a common vision for financial goals and strategies for current and future policy-makers and staff;
C. Fairly present and fully disclose the financial position of the City in conformity to Generally Accepted Accounting Principals (GAAP); and
D. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code, bond covenants and other legal mandates.

The City Council will annually review and adopt the Fiscal and Budgetary Policy.

II. FINANCIAL PLAN

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City’s long range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the capital improvement funds of the City. The plan is reviewed and updated annually.

A. Capital Improvements Program – The Capital Improvements Plan (CIP) outlines the major utility infrastructure, streets and drainage, facilities, parks, and other improvements needed to serve the citizens, maintain existing infrastructure and facilities, meet growth related needs and comply with state and federal regulations.

1. Preparation – The City Engineer, with the support of the Finance Department, coordinates the annual update and adoption of the multi-year CIP as a part of the annual budget process. In accordance with the City Charter (Charter, section 12.03), the CIP will be delivered to the Planning and Zoning Commission, so that P&Z recommendations may be included and presented to City Council. The CIP includes all costs associated with the design, rights of way, acquisition and construction of a project, as well as the estimated operating and maintenance costs, which impacts future operating budgets. The following guidelines will be utilized in developing the CIP:

- Needed capital improvements and major maintenance projects are identified through life cycle system models, repair and maintenance records, and growth demands.
- A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.
- Citizen involvement and participation will be solicited in formulating the capital budget through website solicitation.
2. **Financing Programs** – Where applicable, impact fees, assessments, pro-rata charges or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners. Factors related to the issuance of debt will include the following: a.) legal constraints on debt capacity and financing alternatives, b.) essentiality of the proposed capital improvement and the economic cost of delay, c.) willingness and financial ability to pay for the capital improvement, d.) determination of the ability to fund through a pay-as-you-go system, e.) assess current interest rate environment for borrowing and investment, as well as other market conditions, and reserve requirements e.) financial condition of the City, f.) the types, availability and stability of revenues to be pledged for repayment of the debt, g.) type of debt to be issued, and h.) the nature and asset life of the capital projects.

3. **Control** – All capital project expenditures must be appropriated in the capital budget. The Chief Financial Officer or City Manager must certify the availability of resources before any right of way easement is negotiated or before any capital project contract is presented to the Council for approval.

4. **Reporting** – Periodic financial reports will be prepared to enable the Department Directors to manage their capital budgets and to enable the Finance Department to monitor and control the budget as authorized. Capital project status reports will be provided to Council on a quarterly basis.

**B. Operations Plan** – The plan will include estimated operating expenses, the cost of new programs being contemplated, and staffing needs for the multi-year period.

**C. Revenues and Financing Plan** - The Finance Department will develop conservative, multi-year revenue forecasts based upon current and known future revenue streams. The Plan will illustrate the impact of the Capital and Operations Plan on the property tax rate, utility rates and other fees. Sensitivity analyses may be used in order to react to low-medium-high growth environments that would allow for more aggressive investment in infrastructure and conversely time to react to economic slowdown.

**D. Performance Measures** - Department Directors will develop program performance measures to evaluate the impact of new programs and growth on the departments. Existing programs will also be evaluated as a part of the multi-year planning process and annual budget process to determine whether certain programs should continue to be funded. ICMA Insights program participation will be utilized to establish, track, and compare performance measures.

### III. ANNUAL OPERATING BUDGET

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The “operating budget” is the City’s annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary funds, debt service funds, special revenue funds, and capital improvement funds of the City.

**A. Planning** – The budget process will include City Council participation in the identification of major policy issues. The budget process will be a part of an overall strategic planning process for the City. The process will also allow for citizen input.

**B. Preparation** – The Charter (Section 8.02) requires “On or before the 15th day of August each fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message.” The budget shall be adopted not later than the last day of the last month of the fiscal year.

1. **Proposed Budget** – A proposed budget shall be prepared by the City Manager and delivered to the City Council per the City Charter.
a. In accordance with the Charter (Section 8.04), the budget shall provide a complete financial plan for the ensuing fiscal year, in a form the City Manager or Council deems desirable, and the budget shall include goals and objectives, a capital budget, enterprise funds and appropriations.

b. In accordance with the Charter (Section 8.05), the City will publish in a newspaper of general circulation in the City and on the City website a general summary of the budget, as well as the times and places that the budget is available for public inspection, no less than two weeks after the publication.

c. A copy of the proposed budget will be filed with the City Secretary when it is submitted to the City Council, which must be at least 30 days prior to the vote.

2. Adoption – City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget. The budget will be effective for the fiscal year beginning October 1st.

3. Standards for Publication - The City will utilize the criteria outlined in the Government Finance Officers Association (GFOA) Distinguished Budget Program for the presentation of the budget document. The budget document will be submitted annually to the GFOA for evaluation and consideration for the Distinguished Budget Presentation Award.

4. Budget Calendar – The timeline for budget adoption is guided by City Charter and state Truth in Taxation laws. The deadline for the chief appraiser to certify rolls to taxing units is July 25. After certification, City Council must discuss the tax rate, and if the maximum rate they will consider adopting will exceed the rollback rate or effective tax rate, they must take a record vote and schedule a public hearing. If required, Notice of Public Hearing on Tax Increase must be published at least 7 days before the first public hearing. If required, the second public hearing must be no earlier than 3 days after the first public hearing, and is also when the meeting to adopt tax rate will be scheduled and announced (must be 3-14 days from this date). Notice of Tax Revenue Increase must be published before the meeting to adopt tax rate (at least seven days, if available). The meeting to adopt tax rate must be held 3-14 days after the second public hearing, and the tax rate must be adopted before September 30.

C. Revenue Estimates – In order to maintain a stable level of services, the City shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include the analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year, which could otherwise result in mid-year service reductions.

D. Balanced Budget – The goal of the City is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years may be used for non-recurring expenditures/expenses or for capital expenditures.

E. Reporting – Summary financial reports will be provided to the City Council monthly and presented to City Council during a regular City Council meeting quarterly, at a minimum. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status.

F. Control and Accountability – Each Department Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Department Directors may request a transfer of funds within a department budget. All transfers of appropriation or budget amendments require either City Council or City Manager approval as outlined in Section V.C. Further expenditure control guidance is located in Section V of this policy.

G. Budget Amendments – The Charter (Section 8.07) provides a method to amend appropriations. The City Council may authorize:
1. Supplemental Appropriations – If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval.

2. Emergency Appropriations – To meet public emergency affecting life, health, property, or the public peace, or to avoid a material cost or public expense, the City Council may adopt an emergency appropriation.

3. Reduction of Appropriations – If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

H. Contingency Appropriations – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset anticipated but amount unknown expenditures, unexpected maintenance or other unanticipated expenses that might occur during the year, including insurance deductibles, unexpected legal expenses, and equipment repairs.

I. Outside Agency Funding – The City Council may fund a number of outside agencies and organizations that provide core services for the citizens of Hutto. The amount of funding received by each agency depends upon Council direction and the availability of funds. The City Council may fund up to 0.75% of the estimated General Fund revenues during the budget process.

1. Funding Process - All agencies shall have a standardized process for application, review, monitoring, and reporting. All agencies are required to submit applications for funding to the City during the budget process. Applications will include the following:
   a. Information about the organization including organization’s purpose, charter, board of directors, etc.
   b. Copy of organization’s financial policies.
   c. Copy of prior year’s tax filing demonstrating non-profit status.
   d. Copy of prior year’s audit or financial review for organizations whose operating budget exceeds $100,000 annually.
   e. Agencies will need to provide a list and description of what the funding from the prior year was used for and program measures that indicate the increased success of the program due to the funding.

2. Funding of non-profit agencies through public funds require enhanced guidelines for spending and operations which shall include:
   a. Funding will typically be used for specific programs, rather than for general operating costs, and demonstrates the program’s sustainability beyond a three-year funding period.
   b. The City shall have the ability to review financial reports to monitor how public funds are utilized by an organization.
   c. Other items may be addressed by the City Council as specified in each organization’s Outside Agency Funding Agreement.

3. The Williamson County Crisis Center (Hope Alliance), Williamson County Children’s Advocacy Center, Emergency Service District (ESD) #3, and the Williamson County and Cities Health District will be considered a budgeted line-item. All other outside agencies and organizations will go through the Outside Agency Funding process.

4. The City Council will review requests from other agencies and award based upon available funding. Applications will be evaluated on the following criteria:
   a. Number of Hutto citizens served by the organization;
b. Type of service provided and whether other organizations in the community provide the service;

c. Availability of other funding sources for the organization;

d. Demonstration of ability to adhere to the guidelines outlined by this policy;

e. The City Council prefers to allocate funding based upon the following guideline:

- Education – 10%
- Quality of Life – 30%
- Social Services – 60%
- Public Health and Safety – The City Council may provide additional funding above the designated 0.75% to support governmental organizations that provide public health and safety services to the Hutto Community. Examples include membership in the Williamson County and Cities Health District and financial support for Williamson County Emergency Services District #3.

All funded agencies shall be required to submit quarterly reports with performance data unless otherwise specified.

J. Periodic Program Reviews – The City Manager and Department Directors will periodically review programs for efficiency and effectiveness. Programs not meeting efficiency or effectiveness objectives shall be brought up to required standards, or be subject to reduction or elimination.

K. Budget Contingency Plan – This policy is intended to establish general guidelines for managing revenue shortfalls resulting from factors such as local and economic downturns that affect the City’s revenue streams.

1. Immediate Action - Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:
   a. Freeze all new hire and vacant positions except those deemed to be a necessity.
   b. Review all planned capital expenditures.
   c. Delay all "non-essential" spending or equipment replacement purchases.

2. Further Action - If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. The City Manager may ask Department Directors for recommendations on reductions of service levels in order to reduce expenditures to balance the budget. Any resulting service level reductions, including workforce reductions, will be addressed by the City Council.

IV. REVENUE MANAGEMENT

A. Optimum Characteristics – The City will strive for the following optimum characteristics in its revenue system:

1. Revenue Adequacy – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

2. Realistic and Conservative Estimates - Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.

3. Administration – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. Where appropriate, the City will use the administrative processes of State, Federal or County collection agencies in order to reduce administrative costs.

4. Diversification and Stability – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.
B. **Other Considerations** – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. **Non-Recurring Revenues** – One-time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues shall be used only for non-recurring expenditures and not for budget balancing purposes.

2. **Property Tax Revenues** – All real and business personal property located within the City will be estimated at a collection rate of 98% of the taxable value for any given year based on the current appraisal supplied by the Williamson County Appraisal District.

3. **Investment Income** – Earnings from investments will be distributed to the funds in accordance with the equity balance of the fund from which the monies were provided to be invested.

4. **User-Based Fees and Service Charges** – For services associated with a user fee or charge, the direct or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges no less than once every year to ensure that fees provide adequate coverage for the cost of services. The City Council will determine how much of the cost of a service should be recovered by fees and charges.

5. **Utility Fund Rates** – The City will review and adopt utility rates as needed to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants and provide for an adequate level of working capital.

Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:

6. **Administrative Cost Recovery** – Administrative costs shall be charged to all funds for services of general overhead, such as administration, finance, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.

7. **Revenue Monitoring** – Revenues as they are received will be regularly compared to budgeted revenues, variances will be investigated and if material will be included in the quarterly report to the City Council.

C. **Funding Alternatives**

1. **Grants** – The City shall seek to obtain grants which are consistent with the City’s current and future priorities and objectives. The City Council must authorize acceptance of any grant funding. Potential grants will be examined for any matching requirements and the source of those requirements identified. Grant applications will be reviewed by Finance to ascertain funding sources, outcomes and other relevant information before the information is presented to the City Council. The City shall recover indirect costs to the maximum allowable by the funding source, and may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant-funded programs and associated positions will be terminated as directed by the City Council when grant funds are no longer available, unless alternate funding is identified.

2. **Leases** – The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City.

3. **Impact Fees** – The City will impose impact fees as allowable under state law for both water and wastewater services. These fees will be calculated in accordance with statute and reviewed at least every year. All fees collected will fund projects identified within the Fee study and as required by state laws.

D. **Liabilities and Receivables** – Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. Receivables aging
past 120 days will be sent to a collection agency. The Chief Financial Officer is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

V. EXPENDITURE POLICIES

A. Appropriations – The point of budget control is at the department level budget for all funds. The Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the Council within a departmental or program budget category (personnel costs, supplies, maintenance, operations/maintenance and capital).

B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without prior authorization from the City Manager. This control will realize budget savings each year that will be available to be transferred by the City Manager, without further Council action.

C. Budget Transfers – The Charter (Section 8.06) provides that the City Manager may transfer balances within departments and programs. A Department Director may request a transfer between line items, or categories of items through the City Manager. Finance will make the adjustment upon approval from the City Manager and report the changes to City Council no later than the next scheduled City Council meeting.

D. Purchasing – All City purchases of goods or services will be made in accordance with the City’s current Purchasing Policy and with State law. In accordance with Texas Local Government Code, Subchapter B, Sections 252.021 and 252.043, the City shall make award to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality. Council may delegate authority to a designated representative in determining the appropriate method of purchase. State law requires any purchase of goods or materials over $50,000 be formally bid or procured through an approved cooperative. The City’s Purchasing Policy follows State Law by requiring multiple quotes for most purchases over $3,000. The City’s Purchasing Policy requires all contracts greater than $50,000 annually be approved by the City Council. The following shows a summary of approval requirements for purchases.

1. Local Preference - In accordance with Chapter 271.9051 of the Local Government Code, the City Council may choose to award a competitive bid of $100,000 or less to a bidder whose principal place of business is in the City limits, provided that this bid is within 5% of the lowest bid price received from the lowest bidder whose business is not within the City limits. The determination that the local bidder offers the City the best combination of contract price and additional local economic development opportunities will be made in writing.

2. Interlocal Cooperation in Delivery of Services – In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the cost of services, to share facilities and to develop joint programs to improve service to its citizens.

3. Conflict of Interest – The City will comply with all conflict of interest requirements as mandated by the Texas Government Code and Local Government Code.

E. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.

VI. PAY PHILOSOPHY

The City’s goal as an employer is to attract and retain quality employees who provide exemplary public service to our community in an effective and efficient manner.

A. Adequate Staffing – Staffing levels will be adequate for the operations and programs of the City to be conducted efficiently and effectively. In order to provide continuing services to a growing
population, as well as add new services, staffing levels will be evaluated by the City Manager regularly to determine workloads. Workload allocation alternatives, such as contract labor and contracted services, will be explored before adding additional staff.

B. **Market Adjustments** – The City shall utilize salary survey data, as well as data from other benchmark cities, as a reference for making market-based adjustments. Market based adjustments are based upon the job duties and job descriptions of the position, not on performance of the employee within the position. City Council identified benchmark cities based on parameters such as population, proximity to Hutto, growth rate, and tax base. The cities selected are: Belton, Cedar Park, Cibolo, Georgetown, Kyle, Leander, Little Elm, Pflugerville, Round Rock, Schertz, Seguin and Taylor.

C. **Merit Adjustments** – The City utilizes a merit based pay and step pay plan as a part of the overall compensation system. Council may fund merit increases annually during the budget process to aid in retaining and rewarding quality employees for productivity and job performance. These merit based adjustments are recommended by the employee’s immediate supervisor and reviewed by both the Department Director and the City Manager. Employees may receive a merit increase upon approval of the City Manager based upon performance, or when other situations warrant this type of increase, such as a reclassification due to additional job duties.

VII. **CAPITAL MAINTENANCE AND REPLACEMENT**

The City shall maintain a Capital Replacement Fund to provide financial resources to replace aging fleet and equipment. Only fleet and equipment included on the City’s Fixed Assets inventory will be included on the replacement schedule. Funding will be set aside each year through the annual budget process to fund the future replacement of fleet and equipment.

VIII. **ACCOUNTING, AUDITING AND FINANCIAL REPORTING**

A. **Accounting** – The City is responsible for the recording and reporting of its financial affairs, both internally and externally. The City’s Chief Financial Officer is responsible for establishing the structure for the City’s Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City’s financial position.

B. **Audit of Accounts** – In accordance with the Charter Section 8.14, an independent audit of the City accounts will be performed every year. The auditor is retained by and is accountable directly to the City Council.

C. **External Reporting** – Upon completion and acceptance of the annual audit by the City’s auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City’s fiscal year end. The CAFR shall be prepared in accordance with GAAP and shall be presented annually to the GFOA for evaluation and consideration for the Certificate of Achievement in Financial Reporting. If City staffing limitations preclude such timely reporting, the Chief Financial Officer will inform the City Council of the delay and the reasons therefore.

IX. **RISK AND ASSET MANAGEMENT**

A. **Risk Management** – The City will utilize programs to prevent and/or reduce the financial impact to the City due to claims and losses. Transfer of liability for claims through transfer to other entities through insurance and/or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

B. **Investments** – The City Council has formally approved a separate Investment Policy for the City of Hutto that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City.

C. **Cash Management** – The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City’s
depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.

X. DEBT MANAGEMENT

The City of Hutto recognizes the primary purpose of capital facilities is to support provision of services and mobility to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and “pay as you go” methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City’s long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets, including equipment, for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A. Usage of Debt - Long-term debt financing will be considered for multi-year capital improvements of which future citizens will benefit. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively projecting revenue sources that will be used to pay the debt. It will not finance the improvement over a period greater than the useful life of the improvement and it will determine that the cost benefit of the improvement, including interest costs, is positive to the community.

B. Types of Debt –

1. General Obligation Bonds (GO’s) – General obligation bonds must be authorized by a vote of the citizens of Hutto. They are used only to fund capital assets of the general government and will not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City’s ad valorem taxing authority back general obligation bonds. Conditions for issuance of general obligation debt include:

   - When the project will have a significant impact on the tax rate;
   - When the project may be discretionary or nonessential even though it is routine in nature; or
   - When the project falls outside the normal bounds of projects the City has typically done.

2. Certificates of Obligation, Contract Obligations (CO’s) – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO’s may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO’s when the following conditions are met:

   - When the proposed debt will have minimal impact on future effective property tax rates;
   - When the projects to be funded are within the normal bounds of city capital requirements, such as for roads, parks, various infrastructure and City facilities; and
   - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue; or
• When the project or capital item is determined to be nondiscretionary or essential to the City.

Certificates of obligation will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

3. **Self-supporting General Obligation Debt** – Refers to general obligation debt including CO’s issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes. The annual debt requirements are not included in the property tax calculation. The Utility Fund issues this type of debt.

4. **Internal Borrowing between City funds** – The City can authorize use of existing long-term reserves as “loans” between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.

5. **Short-term Borrowing** - The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCOs) or Limited Tax Notes (Notes) which are short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs and Notes are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can and should be grouped in a single PPFCO or Note issue in order to develop economies of scale. Notes are limited to a 7 year term.

6. **Revenue Bonds** – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements of the necessary improvement to provide service expansion. The average life of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

C. **Method of Sale** – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of the financial advisor and Chief Financial Officer in the selection of the underwriter or direct purchaser.

D. **Disclosure** – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.

E. **Federal Requirements** – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

F. **Debt Structuring** – The City will issue bonds with maturity not to exceed the useful life of the asset acquired. The structure should approximate overall level debt service and tax rate or revenue source stability unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long term debt instruments.

G. **Debt Coverage Ratio** – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City’s Utility. The City will maintain a minimum debt service coverage ratio of 1.0 times for these utilities as a whole.

H. **Reimbursement Resolutions** – The City may utilize reimbursement resolutions for debt financings as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the
City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

XI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Hutto will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

A. Operating Reserves – In accordance with the Charter Section 8.04, the City is mandated to maintain a 10% reserve. Per the Fiscal and Budgetary policy, the City will maintain emergency reserves at a minimum of 25% of net budgeted operating expenditures. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported), direct cost for purchased power and payments from third party grant monies.

1. General Fund – The unobligated fund balance in the General Fund should equal at least 25%.
2. Utility Fund – Working capital reserves in these funds should be 25%.

Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget. Funds in excess of the minimum reserves may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years.

B. Capital Project Funds – Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.

C. Debt Service Funds for Ad Valorem Tax Obligations – This fund holds receipts from ad valorem property taxes levied to pay debt service on outstanding ad valorem tax obligations. Due to the nature of the source of funds, monies held within this fund are stable. Balances are maintained in this fund to ensure that debt service payments may be made in a timely manner and to comply with ordinances authorizing such outstanding debt obligations.

D. Investment of Reserve Funds – The reserve funds will be invested in accordance with the City’s investment policy.

E. Sales Tax Excess – Due to the volatile nature of sales tax revenue, collections over and above the estimated sales tax revenue amount should be used to fund non-recurring expenses, such as (but not limited to) equipment purchases, capital improvement projects, or transfers to the capital replacement fund.
FISCAL AND BUDGETARY POLICY

Amended February 1, 2018

I. OVERVIEW AND STATEMENT OF PURPOSE

The City of Hutto has an important responsibility to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public.

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition, and provide guidelines for the day-to-day planning and operations of the City’s financial affairs. The City’s financial management, as directed by this Policy, is based upon the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

Policy scope generally spans areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, pay philosophy, accounting and financial reporting, debt management, and reserves. This is done in order to:

A. Demonstrate to the citizens of Hutto, the City’s bond holders, other creditors and the bond rating agencies that the City is committed to a strong fiscal operation;
B. Provide a common vision for financial goals and strategies for current and future policy-makers and staff;
C. Fairly present and fully disclose the financial position of the City in conformity to Generally Accepted Accounting Principals (GAAP); and
D. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code, bond covenants and other legal mandates.

The City Council will annually review and adopt the Fiscal and Budgetary Policy.

II. FINANCIAL PLAN

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City’s long range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the capital improvement funds of the City. The plan is reviewed and updated annually.

A. Capital Improvements Program – The Capital Improvements Plan (CIP) outlines the major utility infrastructure, streets and drainage, facilities, parks, and other improvements needed to serve the citizens, maintain existing infrastructure and facilities, meet growth related needs and comply with state and federal regulations.

1. Preparation – The City Engineer, with the support of the Finance Department, coordinates the annual update and adoption of the multi-year CIP as a part of the annual budget process. In accordance with the City Charter (Charter, section 12.03), the CIP will be delivered to the Planning and Zoning Commission, so that P&Z recommendations may be included and presented to City Council. The CIP includes all costs associated with the design, rights of way, acquisition and construction of a project, as well as the estimated operating and maintenance costs, which impacts future operating budgets. The following guidelines will be utilized in developing the CIP:

   • Needed capital improvements and major maintenance projects are identified through life cycle system models, repair and maintenance records, and growth demands.
   • A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.
   • Citizen involvement and participation will be solicited in formulating the capital budget through website solicitation.
• City Master Plans

2. **Financing Programs** – Where applicable, impact fees, assessments, pro-rata charges or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners. Factors related to the issuance of debt will include the following: a.) legal constraints on debt capacity and financing alternatives, b.) essentiality of the proposed capital improvement and the economic cost of delay, c.) willingness and financial ability to pay for the capital improvement, d.) determination of the ability to fund through a pay-as-you-go system, e.) assess current interest rate environment for borrowing and investment, as well as other market conditions, and reserve requirements e.) financial condition of the City, f.) the types, availability and stability of revenues to be pledged for repayment of the debt, g.) type of debt to be issued, and h.) the nature and asset life of the capital projects.

3. **Control** – All capital project expenditures must be appropriated in the capital budget. The Chief Financial Officer or City Manager must certify the availability of resources before any right of way easement is negotiated or before any capital project contract is presented to the Council for approval.

4. **Reporting** – Periodic financial reports will be prepared to enable the Department Directors to manage their capital budgets and to enable the Finance Department to monitor and control the budget as authorized. Capital project status reports will be provided to Council on a quarterly basis.

B. **Operations Plan** – The plan will include estimated operating expenses, the cost of new programs being contemplated, and staffing needs for the multi-year period.

C. **Revenues and Financing Plan** - The Finance Department will develop conservative, multi-year revenue forecasts based upon current and known future revenue streams. The Plan will illustrate the impact of the Capital and Operations Plan on the property tax rate, utility rates and other fees. Sensitivity analyses may be used in order to react to low-medium-high growth environments that would allow for more aggressive investment in infrastructure and conversely time to react to economic slowdown.

D. **Performance Measures** - Department Directors will develop program performance measures to evaluate the impact of new programs and growth on the departments. Existing programs will also be evaluated as a part of the multi-year planning process and annual budget process to determine whether certain programs should continue to be funded. ICMA Insights program participation will be utilized to establish, track, and compare performance measures.

III. **ANNUAL OPERATING BUDGET**

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The “operating budget” is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary funds, debt service funds, special revenue funds, and capital improvement funds of the City.

A. **Planning** – The budget process will include City Council participation in the identification of major policy issues. The budget process will be a part of an overall strategic planning process for the City. The process will also allow for citizen input.

B. **Preparation** – The Charter (Section 8.02) requires “On or before the 15th day of August each fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message.” The budget shall be adopted not later than the last day of the last month of the fiscal year.

1. **Proposed Budget** – A proposed budget shall be prepared by the City Manager and delivered to the City Council per the City Charter.
a. In accordance with the Charter (Section 8.04), the budget shall provide a complete financial plan for the ensuing fiscal year, in a form the City Manager or Council deems desirable, and the budget shall include goals and objectives, a capital budget, enterprise funds and appropriations.

b. In accordance with the Charter (Section 8.05), the City will publish in a newspaper of general circulation in the City and on the City website a general summary of the budget, as well as the times and places that the budget is available for public inspection, no less than two weeks after the publication.

c. A copy of the proposed budget will be filed with the City Secretary when it is submitted to the City Council, which must be at least 30 days prior to the vote.

2. Adoption – City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget. The budget will be effective for the fiscal year beginning October 1st.

3. Standards for Publication - The City will utilize the criteria outlined in the Government Finance Officers Association (GFOA) Distinguished Budget Program for the presentation of the budget document. The budget document will be submitted annually to the GFOA for evaluation and consideration for the Distinguished Budget Presentation Award.

4. Budget Calendar – The timeline for budget adoption is guided by City Charter and state Truth in Taxation laws. The deadline for the chief appraiser to certify rolls to taxing units is July 25. After certification, City Council must discuss the tax rate, and if the maximum rate they will consider adopting will exceed the rollback rate or effective tax rate, they must take a record vote and schedule a public hearing. If required, Notice of Public Hearing on Tax Increase must be published at least 7 days before the first public hearing. If required, the second public hearing must be no earlier than 3 days after the first public hearing, and is also when the meeting to adopt tax rate will be scheduled and announced (must be 3-14 days from this date). Notice of Tax Revenue Increase must be published before the meeting to adopt tax rate (at least seven days, if available). The meeting to adopt tax rate must be held 3-14 days after the second public hearing, and the tax rate must be adopted before September 30.

C. Revenue Estimates – In order to maintain a stable level of services, the City shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include the analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year, which could otherwise result in mid-year service reductions.

D. Balanced Budget – The goal of the City is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years may be used for non-recurring expenditures/expenses or for capital expenditures.

E. Reporting – Summary financial reports will be provided to the City Council monthly and presented to City Council during a regular City Council meeting quarterly, at a minimum. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status.

F. Control and Accountability – Each Department Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Department Directors may request a transfer of funds within a department budget. All transfers of appropriation or budget amendments require either City Council or City Manager approval as outlined in Section V.C. Further expenditure control guidance is located in Section V of this policy.

G. Budget Amendments – The Charter (Section 8.07) provides a method to amend appropriations. The City Council may authorize:
1. **Supplemental Appropriations** – If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval.

2. **Emergency Appropriations** – To meet public emergency affecting life, health, property, or the public peace, or to avoid a material cost or public expense, the City Council may adopt an emergency appropriation.

3. **Reduction of Appropriations** – If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

**H. Contingency Appropriations** – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset anticipated but amount unknown expenditures, unexpected maintenance or other unanticipated expenses that might occur during the year, including insurance deductibles, unexpected legal expenses, and equipment repairs.

**I. Outside Agency Funding** – The City Council may fund a number of outside agencies and organizations that provide core services for the citizens of Hutto. The amount of funding received by each agency depends upon Council direction and the availability of funds. The City Council may fund up to 0.75% of the estimated General Fund revenues during the budget process.

1. **Funding Process** - All agencies shall have a standardized process for application, review, monitoring, and reporting. All agencies are required to submit applications for funding to the City during the budget process. Applications will include the following:
   a. Information about the organization including organization’s purpose, charter, board of directors, etc.
   b. Copy of organization’s financial policies.
   c. Copy of prior year’s tax filing demonstrating non-profit status.
   d. Copy of prior year’s audit or financial review for organizations whose operating budget exceeds $100,000 annually.
   e. Agencies will need to provide a list and description of what the funding from the prior year was used for and program measures that indicate the increased success of the program due to the funding.

2. Funding of non-profit agencies through public funds require enhanced guidelines for spending and operations which shall include:
   a. Funding will typically be used for specific programs, rather than for general operating costs, and demonstrates the program’s sustainability beyond a three-year funding period.
   b. The City shall have the ability to review financial reports to monitor how public funds are utilized by an organization.
   c. Other items may be addressed by the City Council as specified in each organization’s Outside Agency Funding Agreement.

3. The Williamson County Crisis Center (Hope Alliance), Williamson County Children’s Advocacy Center, Emergency Service District (ESD) #3, and the Williamson County and Cities Health District will be considered a budgeted line-item. All other outside agencies and organizations will go through the Outside Agency Funding process.

4. The City Council will review requests from other agencies and award based upon available funding. Applications will be evaluated on the following criteria:
   a. Number of Hutto citizens served by the organization;
b. Type of service provided and whether other organizations in the community provide the service;
c. Availability of other funding sources for the organization;
d. Demonstration of ability to adhere to the guidelines outlined by this policy;
e. The City Council prefers to allocate funding based upon the following guideline:
   - Education – 10%
   - Quality of Life – 30%
   - Social Services – 60%
   - Public Health and Safety – The City Council may provide additional funding above the designated 0.75% to support governmental organizations that provide public health and safety services to the Hutto Community. Examples include membership in the Williamson County and Cities Health District and financial support for Williamson County Emergency Services District #3.

All funded agencies shall be required to submit quarterly reports with performance data unless otherwise specified.

J. Periodic Program Reviews – The City Manager and Department Directors will periodically review programs for efficiency and effectiveness. Programs not meeting efficiency or effectiveness objectives shall be brought up to required standards, or be subject to reduction or elimination.

K. Budget Contingency Plan – This policy is intended to establish general guidelines for managing revenue shortfalls resulting from factors such as local and economic downturns that affect the City’s revenue streams.
   1. Immediate Action - Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:
      a. Freeze all new hire and vacant positions except those deemed to be a necessity.
      b. Review all planned capital expenditures.
      c. Delay all "non-essential" spending or equipment replacement purchases.
   2. Further Action - If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. The City Manager may ask Department Directors for recommendations on reductions of service levels in order to reduce expenditures to balance the budget. Any resulting service level reductions, including workforce reductions, will be addressed by the City Council.

IV. REVENUE MANAGEMENT
   A. Optimum Characteristics – The City will strive for the following optimum characteristics in its revenue system:
      1. Revenue Adequacy – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
      2. Realistic and Conservative Estimates - Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.
      3. Administration – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. Where appropriate, the City will use the administrative processes of State, Federal or County collection agencies in order to reduce administrative costs.
      4. Diversification and Stability – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.
B. Other Considerations – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. **Non-Recurring Revenues** – One-time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues shall be used only for non-recurring expenditures and not for budget balancing purposes.

2. **Property Tax Revenues** – All real and business personal property located within the City will be estimated at a collection rate of 98% of the taxable value for any given year based on the current appraisal supplied by the Williamson County Appraisal District.

3. **Investment Income** – Earnings from investments will be distributed to the funds in accordance with the equity balance of the fund from which the monies were provided to be invested.

4. **User-Based Fees and Service Charges** – For services associated with a user fee or charge, the direct or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges no less than once every year to ensure that fees provide adequate coverage for the cost of services. The City Council will determine how much of the cost of a service should be recovered by fees and charges.

5. **Utility Fund Rates** – The City will review and adopt utility rates as needed to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants and provide for an adequate level of working capital.

Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:

6. **Administrative Cost Recovery** – Administrative costs shall be charged to all funds for services of general overhead, such as administration, finance, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.

7. **Revenue Monitoring** – Revenues as they are received will be regularly compared to budgeted revenues, variances will be investigated and if material will be included in the quarterly report to the City Council.

C. Funding Alternatives

1. **Grants** - The City shall seek to obtain grants which are consistent with the City’s current and future priorities and objectives. The City Council must authorize acceptance of any grant funding. Potential grants will be examined for any matching requirements and the source of those requirements identified. Grant applications will be reviewed by Finance to ascertain funding sources, outcomes and other relevant information before the information is presented to the City Council. The City shall recover indirect costs to the maximum allowable by the funding source, and may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant-funded programs and associated positions will be terminated as directed by the City Council when grant funds are no longer available, unless alternate funding is identified.

2. **Leases** - The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City.

3. **Impact Fees** - The City will impose impact fees as allowable under state law for both water and wastewater services. These fees will be calculated in accordance with statute and reviewed at least every year. All fees collected will fund projects identified within the Fee study and as required by state laws.

D. **Liabilities and Receivables** - Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. Receivables aging
past 120 days will be sent to a collection agency. The Chief Financial Officer is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

V. EXPENDITURE POLICIES

A. Appropriations – The point of budget control is at the department level budget for all funds. The Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the Council within a departmental or program budget category (personnel costs, supplies, maintenance, operations/maintenance and capital).

B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without prior authorization from the City Manager. This control will realize budget savings each year that will be available to be transferred by the City Manager, without further Council action.

C. Budget Transfers – The Charter (Section 8.06) provides that the City Manager may transfer balances within departments and programs. A Department Director may request a transfer between line items, or categories of items through the City Manager. Finance will make the adjustment upon approval from the City Manager.

D. Purchasing – All City purchases of goods or services will be made in accordance with the City’s current Purchasing Policy and with State law. In accordance with Texas Local Government Code, Subchapter B, Sections 252.021 and 252.043, the City shall make award to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality. Council may delegate authority to a designated representative in determining the appropriate method of purchase. State law requires any purchase of goods or materials over $50,000 be formally bid or procured through an approved cooperative. The City’s Purchasing Policy follows State Law by requiring multiple quotes for most purchases over $3,000. The City’s Purchasing Policy requires all contracts greater than $50,000 annually be approved by the City Council. The following shows a summary of approval requirements for purchases.

1. Local Preference - In accordance with Chapter 271.9051 of the Local Government Code, the City Council may choose to award a competitive bid of $100,000 or less to a bidder whose principal place of business is in the City limits, provided that this bid is within 5% of the lowest bid price received from the lowest bidder whose business is not within the City limits. The determination that the local bidder offers the City the best combination of contract price and additional local economic development opportunities will be made in writing.

2. Interlocal Cooperation in Delivery of Services – In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the cost of services, to share facilities and to develop joint programs to improve service to its citizens.

3. Conflict of Interest – The City will comply with all conflict of interest requirements as mandated by the Texas Government Code and Local Government Code.

E. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.

VI. PAY PHILOSOPHY

The City’s goal as an employer is to attract and retain quality employees who provide exemplary public service to our community in an effective and efficient manner.

A. Adequate Staffing – Staffing levels will be adequate for the operations and programs of the City to be conducted efficiently and effectively. In order to provide continuing services to a growing population, as well as add new services, staffing levels will be evaluated by the City Manager regularly.
EXHIBIT B

to determine workloads. Workload allocation alternatives, such as contract labor and contracted services, will be explored before adding additional staff.

B. **Market Adjustments** – The City shall utilize salary survey data, as well as data from other benchmark cities, as a reference for making market-based adjustments. Market based adjustments are based upon the job duties and job descriptions of the position, not on performance of the employee within the position. City Council identified benchmark cities based on parameters such as population, proximity to Hutto, growth rate, and tax base. The cities selected are: Belton, Cedar Park, Cibolo, Georgetown, Kyle, Leander, Little Elm, Pflugerville, Round Rock, Schertz, Seguin and Taylor.

C. **Merit Adjustments** – The City utilizes a merit based pay and step pay plan as a part of the overall compensation system. Council may fund merit increases annually during the budget process to aid in retaining and rewarding quality employees for productivity and job performance. These merit based adjustments are recommended by the employee’s immediate supervisor and reviewed by both the Department Director and the City Manager. Employees may receive a merit increase upon approval of the City Manager based upon performance, or when other situations warrant this type of increase, such as a reclassification due to additional job duties.

VII. **CAPITAL MAINTENANCE AND REPLACEMENT**

The City shall maintain a Capital Replacement Fund to provide financial resources to replace aging fleet and equipment. Only fleet and equipment included on the City’s Fixed Assets inventory will be included on the replacement schedule. Funding will be set aside each year through the annual budget process to fund the future replacement of fleet and equipment.

VIII. **ACCOUNTING, AUDITING AND FINANCIAL REPORTING**

A. **Accounting** – The City is responsible for the recording and reporting of its financial affairs, both internally and externally. The City’s Chief Financial Officer is responsible for establishing the structure for the City’s Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City’s financial position.

B. **Audit of Accounts** – In accordance with the Charter Section 8.14, an independent audit of the City accounts will be performed every year. The auditor is retained by and is accountable directly to the City Council.

C. **External Reporting** – Upon completion and acceptance of the annual audit by the City’s auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City’s fiscal year end. The CAFR shall be prepared in accordance with GAAP and shall be presented annually to the GFOA for evaluation and consideration for the Certificate of Achievement in Financial Reporting. If City staffing limitations preclude such timely reporting, the Chief Financial Officer will inform the City Council of the delay and the reasons therefore.

IX. **RISK AND ASSET MANAGEMENT**

A. **Risk Management** - The City will utilize programs to prevent and/or reduce the financial impact to the City due to claims and losses. Transfer of liability for claims through transfer to other entities through insurance and/or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

B. **Investments** – The City Council has formally approved a separate Investment Policy for the City of Hutto that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City.

C. **Cash Management** - The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City’s
depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.

X. **DEBT MANAGEMENT**

The City of Hutto recognizes the primary purpose of capital facilities is to support provision of services and mobility to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and "pay as you go" methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City's long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets, including equipment, for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A. **Usage of Debt** - Long-term debt financing will be considered for multi-year capital improvements of which future citizens will benefit. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively projecting revenue sources that will be used to pay the debt. It will not finance the improvement over a period greater than the useful life of the improvement and it will determine that the cost benefit of the improvement, including interest costs, is positive to the community.

B. **Types of Debt** –

1. **General Obligation Bonds (GO's)** – General obligation bonds must be authorized by a vote of the citizens of Hutto. They are used only to fund capital assets of the general government and will not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds. Conditions for issuance of general obligation debt include:

   - When the project will have a significant impact on the tax rate;
   - When the project may be discretionary or nonessential even though it is routine in nature; or
   - When the project falls outside the normal bounds of projects the City has typically done.

2. **Certificates of Obligation, Contract Obligations (CO's)** – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO's may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO's when the following conditions are met:

   - When the proposed debt will have minimal impact on future effective property tax rates;
   - When the projects to be funded are within the normal bounds of city capital requirements, such as for roads, parks, various infrastructure and City facilities; and
   - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue; or
• When the project or capital item is determined to be nondiscretionary or essential to the City.

Certificates of obligation will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

3. **Self-supporting General Obligation Debt** – Refers to general obligation debt including CO’s issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes. The annual debt requirements are not included in the property tax calculation. The Utility Fund issues this type of debt.

4. **Internal Borrowing between City funds** – The City can authorize use of existing long-term reserves as “loans” between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.

5. **Short-term Borrowing** - The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCOs) or Limited Tax Notes (Notes) which are short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs and Notes are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can and should be grouped in a single PPFCO or Note issue in order to develop economies of scale. Notes are limited to a 7 year term.

6. **Revenue Bonds** – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements of the necessary improvement to provide service expansion. The average life of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

C. **Method of Sale** – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of the financial advisor and Chief Financial Officer in the selection of the underwriter or direct purchaser.

D. **Disclosure** – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.

E. **Federal Requirements** – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

F. **Debt Structuring** – The City will issue bonds with maturity not to exceed the useful life of the asset acquired. The structure should approximate overall level debt service and tax rate or revenue source stability unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long term debt instruments.

G. **Debt Coverage Ratio** – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City’s Utility. The City will maintain a minimum debt service coverage ratio of 1.0 times for these utilities as a whole.

H. **Reimbursement Resolutions** – The City may utilize reimbursement resolutions for debt financings as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the
EXHIBIT B

City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

XI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Hutto will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

A. Operating Reserves – In accordance with the Charter Section 8.04, the City is mandated to maintain a 10% reserve. Per the Fiscal and Budgetary policy, the City will maintain emergency reserves at a minimum of 20% of net budgeted operating expenditures. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported), direct cost for purchased power and payments from third party grant monies.

1. General Fund – The unobligated fund balance in the General Fund should equal at least 20%.
2. Utility Fund – Working capital reserves in these funds should be 20%.

Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget. Funds in excess of the minimum reserves may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years.

B. Capital Project Funds – Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.

C. Debt Service Funds for Ad Valorem Tax Obligations – This fund holds receipts from ad valorem property taxes levied to pay debt service on outstanding ad valorem tax obligations. Due to the nature of the source of funds, monies held within this fund are stable. Balances are maintained in this fund to ensure that debt service payments may be made in a timely manner and to comply with ordinances authorizing such outstanding debt obligations.

D. Investment of Reserve Funds – The reserve funds will be invested in accordance with the City's investment policy.

E. Sales Tax Excess – Due to the volatile nature of sales tax revenue, collections over and above the estimated sales tax revenue amount should be used to fund non-recurring expenses, such as (but not limited to) equipment purchases, capital improvement projects, or transfers to the capital replacement fund.
CITY OF HUTTO
CITY COUNCIL AGENDA

AGENDA ITEM NO.: 12B.  AGENDA DATE: February 01, 2018

PRESENTED BY: Michel Sorrell, Chief Financial Officer

ITEM: Consideration and possible action on a resolution adopting the City's Investment Policy dated February 1, 2018. (Michel Sorrell)

STRATEGIC GUIDE POLICY: Fiscal Responsibility

ITEM BACKGROUND:

Chapter 2256 of the Government Code requires that municipal governments adopt an investment policy and review the adoption annually. The investment policy was last renewed on July 2, 2015. Minimal changes are proposed based on recent changes to the Public Funds Investment Act (PFIA) and to provide clarification on various items. The City's Investment advisors have also reviewed the Policy to ensure compliance with the Public Funds Investment Act.

Summary of changes:

- IV. A. 9. (Eligible Investments) - Add to the Eligible Investment Section 'Interest bearing bank savings deposits issued by state and national banks or savings bank or a state or federal credit union (having their main or branch office in Texas) that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their successor organizations). Also included are collateralized interest bearing savings deposits that have secured the uninsured portion of deposits with obligations of the U.S. Treasury and/or Federal agencies and instrumentalities.' The PFIA simply clarified that these are eligible investments.
- IV.B.4. (Collateral Substitution) - Remove 'The Investment Officer may limit substitution and assess appropriate fees if substitution becomes excess or abusive.' Investment officers would not have the ability to assess fees on the agent and the limiting required substitution would conflict with custodial agreements.
- IV.C. (Investment Advisors and Brokers/Dealers) - Remove 'An Investment Committee consisting of the Mayor, City Manager and Finance Director will review the list of authorized brokers/dealers annually.' There is no longer a Committee in existence. The Chief Financial Officer and the Investment Firm along with the Council review the list annually.
- Training hours have been reduced from 10 to 8 for anyone who has already taken the Public Funds Investment Act training and has been certified.
- Dates have also been updated in the Policy.
BUDGETARY AND FINANCIAL SUMMARY:

Adoption of this policy does not directly impact the budget, however the policy guides the investments that the City can utilize to earn interest revenue.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:

Not applicable.

CITY ATTORNEY REVIEW:

Not applicable.

STAFF RECOMMENDATION:

Staff recommends the City Council adopt the resolution amending the Investment Policy.

SUPPORTING MATERIAL:

1. Resolution - Amending the Investment Policy
2. Exhibit A - Investment Policy (Redline)
3. Exhibit B - Investment Policy (Clean)
RESOLUTION NO. ______________

A RESOLUTION ADOPTING THE INVESTMENT POLICY DATED FEBRUARY 1, 2018 FOR THE CITY OF HUTTO, TEXAS

WHEREAS, Chapter 2256 of the Texas Local Government Code requires that cities adopt an investment policy and review it annually; and

WHEREAS, the City of Hutto last reviewed its policy on July 2, 2015; and

WHEREAS, the City Council wishes to amend the Investment Policy to align with Public Funds Investment Act. Policy amendments are presented in Exhibit A; and

WHEREAS, the Investment Policy applies to all investment activities of the City of Hutto, and to all assets of all funds of the City of Hutto at the present time and any funds received in the future,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, that the Hutto City Council hereby approves the Investment Policy as presented in Exhibit B.

RESOLVED this 1st day of February, 2018.

CITY OF HUTTO, TEXAS

_________________________
Doug Gaul, Mayor

ATTEST:

_________________________
Lisa Brown, City Secretary
INVESTMENT POLICY
THE CITY OF HUTTO TEXAS

July 2, 2015February 1, 2018
INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

July 2, 2015 February 1, 2018

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I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto, on July 2, 2015, will replace the adopted Investment Policy dated the 23rd of May, 2013. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code).

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, excluding the Employee Retirement Trust and the deferred compensation plan. Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal Law.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

C. Diversification

The City of Hutto will always seek to diversify its portfolio, except in the case of depository bank balances. This will be done to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

D. Yield

Consistent with federal and state law and the City’s depository contract, it will be the objective of the Investment Officer to earn the maximum interest rate allowed within the constraints of safety and liquidity.
E. Maturity

Portfolio maturities will be staggered, if market conditions are favorable, in a way to achieve the highest return of interest, while at the same time provide for the necessary liquidity to meet the City’s cash needs. The maximum allowable stated final maturity of any individual investment owned by the City will be five years. [Sec. 2256.005 (b) (4) (B)]

F. Sale of Securities before Maturity

The City Investment Officer may sell securities before maturity if:

- Market conditions present an opportunity for the City to benefit from the sale;
- Funds are urgently needed to meet unforeseen expenses, even if there is a loss of interest and/or principal due to the sale; or
- A security has lost its minimum required rating as an authorized investment.

[Sec. 2256.02]

G. Quality and Capability of Investment Management

It is the City’s policy to provide training required by the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City’s Investment Officer in making investment decisions.

III. INVESTMENT STRATEGY

A. General

In conjunction with the annual Policy review, the City Council shall review the investment strategy for each of the City’s funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

- Investment suitability,
- Preservation and safety of principal,
- Liquidity,
- Marketability prior to maturity of each investment,
- Diversification, and
- Yield

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds.

B. Investment Guidelines by Fund Type

Investment guidelines by fund-type are as follows:

1. Current Operating Funds

Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investment. Additionally, securities with active and efficient
EXHIBIT A

secondary markets are necessary in the event of an unanticipated cash requirement.

According to City Policy, the weighted-average days to maturity for the current operating fund portfolio shall not exceed 200 days and the maximum allowable maturity shall be two years. The Investment Officers will monitor average days to maturity and make changes as appropriate.

2. **Bond Proceeds**

Bond proceeds used for construction programs have reasonably predictable drawdown schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated drawdown schedule and actual expenditures, most investment securities shall have active and efficient secondary markets. Investment pools and money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield can’t be met or exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. **Repair and Replacement Funds**

The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investment securities shall be diversified as to maturity and type with a portion of the securities highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual securities to two years and the maximum average maturity of the fund to one year.

4. **Debt Service Funds**

Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. **Bond Reserve Funds**

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in
maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual market-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. **Operating Reserve Funds**

   The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual securities to five years and the weighted average maturity to three years.

7. **Fiduciary Funds**

   Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government’s own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum security maturity of five years.

**IV. INVESTMENT POLICIES**

A. **Eligible Investments**

   Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officers. City funds governed by this Policy may be invested in:

   1. Obligations of the United States or its agencies and instrumentalities, excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

   2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

   3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less that "A" or its equivalent.

   4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-4, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the
City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit issued by State and national banks doing business in Texas that are:

a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-4 above, which are intended to include all direct Federal agency or instrumentality issued mortgage backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal amount of the certificates, or in any other manner and amount provided by law for deposits of the City;

b. governed by a Depository Contract, as described in B.4 of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and,

c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, with a dollar weighted average portfolio maturity of 60 days or less; that fully invests dollar-for-dollar all City funds without sales commissions or loads; and, whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund or exceeds 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds. Government Code 2256.014(c).

7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Commission; (b) the pool shall have furnished the Investment Officers or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officers or other authorized representatives of the City Investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officers or other authorized representatives of the City, monthly reports that contain the information required by Section 2256.016 (c) of the Government Code; (e) the pool shall be a public funds investment pool created to function as a Money Market mutual fund maintaining a $1 net asset value (f) the pool's assets shall consist exclusively of the obligations that are described by 1-7 above; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

8. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U. S. law or the law of any state. Gov’t Code 2256.013

8.9. Interest bearing bank savings deposits issued by state and national banks or savings bank or a state or federal credit union (having their main or branch office in Texas) that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit
Union Share Insurance Fund (or their successor organizations). Also included are collateralized interest bearing savings deposits that have secured the uninsured portion of deposits with obligations of the U.S. Treasury and/or Federal agencies and instrumentalities.

B. Protection of Principal

The City shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy; by qualifying the broker, dealer and financial institution with whom the City will transact business, by collateralization as required by law; and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. Diversification by Investment Type

The City Portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

Bond proceeds may be invested in a single security or investment if the Investment Officer determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

2. Diversification by Investment Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall be staggered and shall not exceed the anticipated cash flow requirements of the funds. Specific maturity limitations by fund are described in the Investment Strategy section of this Policy.

3. Ensuring Liquidity

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing in eligible money market mutual funds and local government investment pools.

A security may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio.

4. Collateralization

Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City Depositories will be required to sign a Depository Agreement with the City and the City's safekeeping agent. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
• the Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;

• the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the City; and

• the Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State law. Each counterparty to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement as approved by the City. An executed copy of this Agreement must be on file before the City will enter into any counterparty transaction. All Master Repurchase Agreements must be approved by the Investment Committee.

a. Allowable Collateral

(1) Certificates of Deposit

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to cash and US Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the City's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Certificates of Deposit

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.

(2) Repurchase Agreements

A repurchase agreement's security value shall be the par value plus accrued interest, and the security's market value must be maintained at the following minimum levels:

Agreement Maturities Greater Than One Business Day

U. S. Treasury Securities .........................102%
U. S. Agency & Instrumentalities..................102%
Mortgage Backed Securities......................105%

Agreement Maturities of One Business Day
All Securities. ............................................. 100%

c. Monitoring Collateral Adequacy

(1) Certificates of Deposit
The City shall require monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) Repurchase Agreements
Weekly monitoring by the Investment Officers of market values of all underlying securities purchased for City repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. Additional Collateral and Securities

(1) Certificates of Deposit
If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution that issues the CD's will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) Repurchase Agreements
If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities.

e. Collateral Substitution
Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer or financial institution requesting substitution must contact the Investment Officers for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officers, or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

5. Safekeeping

a. Safekeeping Agreement
The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as a part of its investment portfolio or as part of its depository and repurchase agreements.
b. Safekeeping of Certificate of Deposit Collateral

All collateral securing bank and savings and loan deposits must be held by a third-party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Securities

The securities purchased under repurchase agreements must be delivered to a third-party custodian with whom the City has established a safekeeping agreement.

C. Investment Advisors and Broker/ Dealers

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to maximize investment earnings at all times within policy guidelines.

All investments made by the City will be made through either the City’s depository bank, a primary dealer or a financial institution doing business in the state of Texas. An “Investment Committee” consisting of the Mayor, City Manager and Finance Director will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City’s policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City’s request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City’s objectives

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

Broker/ Dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy. Additionally the registered principal of any investment pool or investment manager seeking to transact investment business with the City shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City.

The City shall not enter into an investment transaction with a Broker/Dealer, a pool or investment manager prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity,
within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

Appointment of an Investment Advisor shall otherwise be according to the City’s normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Director the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

D. Responsibility and Controls

1. Authority to Invest

The Director of Finance is the "Investment Officer" of the City. As Investment Officer he is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his place and are subject to the same training requirements and must adhere to the policies set forth in this Policy Statement.

The Director of Finance as Investment Officer, shall attend at least one training session, within twelve months of assuming these duties, that addresses investment controls, security risks, strategy risk, market risks, and compliance with the Public Funds Investment Act.

2. Investment Officer Required Training

The City’s Investment Officer shall:

a. attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in this policy and containing at least 10 hours of instruction relating to the Investment Officer’s responsibilities within 12 months after taking office or assuming duties; and

b. attend an investment training session not less than once in a two-year period, that begins on the first day of the City’s fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than [SMB] 10-8 hours of instruction relating to investment responsibilities from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

3. Prudent Investment Management

The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the City shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:
"Investments shall be made with judgment and care, under circumstances then prevailing, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

5. Liability of City Investment Officer

The City Investment Officer is not responsible for any loss of City funds through the failure or negligence of a depository. Sec. 113.005 Local Government Code does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including misappropriation of funds, or from responsibility for funds until a depository is selected and the funds are deposited.

6. Personnel Authorized to Transact Fiscal Affairs

All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of any two of the following (except that at least one of the signatures must be that of either the City Manager, Assistant City Manager or the Director of Finance):

a. Mayor,
b. City Manager,
c. Assistant City Manager,
d. Director of Finance, and
e. Controller

7. Standards of Ethics

The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

8. Establishment of Internal Controls

The Director of Finance will oversee the maintenance of a system of internal controls over the investment activities of the city.

9. Reporting

a. Quarterly Report

Investment performance will be monitored and evaluated by the Investment Officer. The Investment Officer will provide either quarterly or at more frequent intervals a comprehensive report that shall be certified by the Investment Officer and submitted to the City Council along with a periodic Financial Report. The investment report shall:

1. describe in detail the investment position of the City;
2. contain a summary statement of each pooled fund group that states the:
✓ ending book and market value for the period; and
✓ fully accrued interest for the reporting period;

3. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

4. state the maturity date of each investment security;

5. state the fund for which each investment security was purchased; and

6. state the compliance of the investment portfolio with the City's Investment Policy and the Texas Public Funds Investment Act.

b. Annual Report and Audit

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy and strategies.

V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any significant changes proposed in investment methods or procedures prior to their implementation. The Investment Policy, including a section on Investment Strategies shall be adopted annually by the City Council.

APPROVED this 2nd Day of July, 2015 1st Day of February 1, 2018.

_____________________________________
Doug Gaul, Mayor

ATTEST:

_____________________________________
Lisa Brown, City Secretary
INVESTMENT POLICY
THE CITY OF HUTTO TEXAS

February 1, 2018
INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS
February 1, 2018

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INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS
February 1, 2018

I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto, on February 1, 2018 will replace the adopted Investment Policy dated the 23rd of May, 2013. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code).

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, excluding the Employee Retirement Trust and the deferred compensation plan. Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal Law.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

C. Diversification

The City of Hutto will always seek to diversify its portfolio, except in the case of depository bank balances. This will be done to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

D. Yield

Consistent with federal and state law and the City’s depository contract, it will be the objective of the Investment Officer to earn the maximum interest rate allowed within the constraints of safety and liquidity.
E. **Maturity**

Portfolio maturities will be staggered, if market conditions are favorable, in a way to achieve the highest return of interest, while at the same time provide for the necessary liquidity to meet the City’s cash needs. The maximum allowable stated final maturity of any individual investment owned by the City will be five years. [Sec. 2256.005 (b) (4) (B)]

F. **Sale of Securities before Maturity**

The City Investment Officer may sell securities before maturity if:

- Market conditions present an opportunity for the City to benefit from the sale;
- funds are urgently needed to meet unforeseen expenses, even if there is a loss of interest and/or principal due to the sale; or
- a security has lost its minimum required rating as an authorized investment.

[Sec. 2256.02]

G. **Quality and Capability of Investment Management**

It is the City’s policy to provide training required by the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City’s Investment Officer in making investment decisions.

### III. INVESTMENT STRATEGY

A. **General**

In conjunction with the annual Policy review, the City Council shall review the investment strategy for each of the City’s funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

- investment suitability,
- preservation and safety of principal,
- liquidity,
- marketability prior to maturity of each investment,
- diversification, and
- yield

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds.

B. **Investment Guidelines by Fund Type**

Investment guidelines by fund-type are as follows:

1. **Current Operating Funds**

Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investment. Additionally, securities with active and efficient
secondary markets are necessary in the event of an unanticipated cash requirement.

According to City Policy, the weighted-average days to maturity for the current operating fund portfolio shall not exceed 200 days and the maximum allowable maturity shall be two years. The Investment Officers will monitor average days to maturity and make changes as appropriate.

2. **Bond Proceeds**

Bond proceeds used for construction programs have reasonably predictable drawdown schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated drawdown schedule and actual expenditures, most investment securities shall have active and efficient secondary markets. Investment pools and money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield can’t be met or exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. **Repair and Replacement Funds**

The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investment securities shall be diversified as to maturity and type with a portion of the securities highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual securities to two years and the maximum average maturity of the fund to one year.

4. **Debt Service Funds**

Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. **Bond Reserve Funds**

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in.
maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual market-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. **Operating Reserve Funds**

The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual securities to five years and the weighted average maturity to three years.

7. **Fiduciary Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government’s own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum security maturity of five years.

**IV. INVESTMENT POLICIES**

**A. Eligible Investments**

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officers. City funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities, excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less that "A" or its equivalent.

4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-4, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the
City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit issued by State and national banks doing business in Texas that are:

a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-4 above, which are intended to include all direct Federal agency or instrumentality issued mortgage backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal amount of the certificates, or in any other manner and amount provided by law for deposits of the City;

b. governed by a Depository Contract, as described in B.4 of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and, c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, with a dollar weighted average portfolio maturity of 60 days or less; that fully invests dollar-for-dollar all City funds without sales commissions or loads; and, whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund or exceeds 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds. 

Government Code 2256.014(c).

7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Commission; (b) the pool shall have furnished the Investment Officers or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officers or other authorized representatives of the City Investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officers or other authorized representatives of the City, monthly reports that contain the information required by Section 2256.016 (c) of the Government Code; (e) the pool shall be a public funds investment pool created to function as a Money Market mutual fund maintaining a $1 net asset value (f) the pool's assets shall consist exclusively of the obligations that are described by 1-7 above; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

8. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U. S. law or the law of any state. 

Gov’t Code 2256.013

9. Interest bearing bank savings deposits issued by state and national banks or savings bank or a state or federal credit union (having their main or branch office in Texas) that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit
Union Share Insurance Fund (or their successor organizations). Also included are collateralized interest bearing savings deposits that have secured the uninsured portion of deposits with obligations of the U.S. Treasury and/or Federal agencies and instrumentalities.

B. Protection of Principal

The City shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy; by qualifying the broker, dealer and financial institution with whom the City will transact business, by collateralization as required by law; and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. Diversification by Investment Type

The City Portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

Bond proceeds may be invested in a single security or investment if the Investment Officer determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

2. Diversification by Investment Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall be staggered and shall not exceed the anticipated cash flow requirements of the funds. Specific maturity limitations by fund are described in the Investment Strategy section of this Policy.

3. Ensuring Liquidity

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing in eligible money market mutual funds and local government investment pools.

A security may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio.

4. Collateralization

Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City Depositories will be required to sign a Depository Agreement with the City and the City’s safekeeping agent. The safekeeping portion of the Agreement shall define the City’s rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
• the Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
• the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
• the Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State law. Each counter-party to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement as approved by the City. An executed copy of this Agreement must be on file before the City will enter into any counterparty transaction. All Master Repurchase Agreements must be approved by the Investment Committee.

a. Allowable Collateral

(1) Certificates of Deposit

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to cash and US Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the City's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Certificates of Deposit

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.

(2) Repurchase Agreements

A repurchase agreement's security value shall be the par value plus accrued interest, and the security's market value must be maintained at the following minimum levels:

Agreement Maturities Greater Than One Business Day

U. S. Treasury Securities .................................102%
U. S. Agency & Instrumentalities.....................102%
Mortgage Backed Securities.........................105%

Agreement Maturities of One Business Day
c. Monitoring Collateral Adequacy

(1) Certificates of Deposit

The City shall require monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) Repurchase Agreements

Weekly monitoring by the Investment Officers of market values of all underlying securities purchased for City repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. Additional Collateral and Securities

(1) Certificates of Deposit

If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution that issues the CD's will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) Repurchase Agreements

If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities.

e. Collateral Substitution

Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer or financial institution requesting substitution must contact the Investment Officers for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officers, or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense.

5. Safekeeping

a. Safekeeping Agreement

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as a part of its investment portfolio or as part of its depository and repurchase agreements.

b. Safekeeping of Certificate of Deposit Collateral
All collateral securing bank and savings and loan deposits must be held by a third-party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Securities

The securities purchased under repurchase agreements must be delivered to a third-party custodian with whom the City has established a safekeeping agreement.

C. Investment Advisors and Broker/Dealers

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to maximize investment earnings at all times within policy guidelines.

All investments made by the City will be made through either the City’s depository bank, a primary dealer or a financial institution doing business in the state of Texas. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City's request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City's objectives

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy. Additionally the registered principal of any investment pool or investment manager seeking to transact investment business with the City shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City.

The City shall not enter into an investment transaction with a pool or investment manager prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

Appointment of an Investment Advisor shall otherwise be according to the City’s normal
EXHIBIT B

purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Director the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

D. Responsibility and Controls

1. Authority to Invest

The Director of Finance is the "Investment Officer" of the City. As Investment Officer he is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his place and are subject to the same training requirements and must adhere to the policies set forth in this Policy Statement.

The Director of Finance as Investment Officer, shall attend at least one training session, within twelve months of assuming these duties, that addresses investment controls, security risks, strategy risk, market risks, and compliance with the Public Funds Investment Act.

2. Investment Officer Required Training

The City’s Investment Officer shall:

a. attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in this policy and containing at least 10 hours of instruction relating to the Investment Officer’s responsibilities within 12 months after taking office or assuming duties; and

b. attend an investment training session not less than once in a two-year period, that begins on the first day of the City’s fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 8 hours of instruction relating to investment responsibilities from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

3. Prudent Investment Management

The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the City shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

"Investments shall be made with judgment and care, under circumstances then prevailing, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety
of capital and the probable income to be derived."

5. **Liability of City Investment Officer**

   The City Investment Officer is not responsible for any loss of City funds through the failure or negligence of a depository. Sec. 113.005 Local Government Code does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including misappropriation of funds, or from responsibility for funds until a depository is selected and the funds are deposited.

6. **Personnel Authorized to Transact Fiscal Affairs**

   All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of any two of the following (except that at least one of the signatures must be that of either the City Manager, Assistant City Manager or the Director of Finance):

   a. Mayor,
   b. City Manager,
   c. Assistant City Manager,
   d. Director of Finance, and
   e. Controller

7. **Standards of Ethics**

   The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

8. **Establishment of Internal Controls**

   The Director of Finance will oversee the maintenance of a system of internal controls over the investment activities of the city.

9. **Reporting**

   a. **Quarterly Report**

   Investment performance will be monitored and evaluated by the Investment Officer. The Investment Officer will provide either quarterly or at more frequent intervals a comprehensive report that shall be certified by the Investment Officer and submitted to the City Council along with a periodic Financial Report. The investment report shall:

   1. describe in detail the investment position of the City;
   2. contain a summary statement of each pooled fund group that states the:

      ✓ ending book and market value for the period; and
      ✓ fully accrued interest for the reporting period;
3. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

4. state the maturity date of each investment security;

5. state the fund for which each investment security was purchased; and

6. state the compliance of the investment portfolio with the City's Investment Policy and the Texas Public Funds Investment Act.

b. Annual Report and Audit

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy and strategies.

V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any significant changes proposed in investment methods or procedures prior to their implementation. The Investment Policy, including a section on Investment Strategies shall be adopted annually by the City Council.

APPROVED this 1st Day of February 1, 2018.

_______________________________________
Doug Gaul, Mayor

ATTEST:

_________________________________
Lisa Brown, City Secretary

12
AGENDA ITEM NO.: 12C.  
AGENDA DATE: February 01, 2018

PRESENTED BY: Lisa Brown, City Secretary

ITEM:
Consideration and possible action on a resolution ordering the May 5, 2018 General Election for the purpose of electing City Council, Place 2 and City Council, Place 5. (Lisa Brown)

Consideración y posible acción sobre una resolución ordenando la Elección General del 5 de mayo de 2018 con el propósito de elegir el Concejo de la Ciudad, el Lugar 2 y el Consejo de la Ciudad, Lugar 5. (Lisa Brown)

STRATEGIC GUIDE POLICY: Leadership

ITEM BACKGROUND:
This resolution calls for a General Election on Saturday, May 5, 2018, to elect Councilmember, Place 2 and Councilmember, Place 5. Early Voting will begin Monday, April 23, 2018, and ends Tuesday, May 1, 2018. The first day to file for a place on the ballot was Wednesday, January 17, 2018, and the last day to file for a place on the ballot is 5:00 p.m. Friday, February 16, 2018. A City Council Candidate Orientation will be held on February 10, 2018.

BUDGETARY AND FINANCIAL SUMMARY:
The City of Hutto participates in a joint election with participating jurisdictions of Williamson County. The cost of the election is based on its percentage share of the number of registered voters for the jurisdictions. Staff has budgeted $15,000 to cover costs associated with the election.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
Not applicable.
STAFF RECOMMENDATION:

Staff recommends approval of the resolution.

SUPPORTING MATERIAL:
1. Resolution - Ordering General Election
2. Notice of General Election
3. Order of General Election
4. Resolution Ordering the Election - Spanish
RESOLUTION NO. ______________

A RESOLUTION OF THE CITY OF HUTTO, TEXAS, ORDERING AN ELECTION TO BE HELD ON MAY 5, 2018, FOR THE PURPOSE OF ELECTING CITY COUNCIL PLACE 2 AND PLACE 5; DESIGNATING ELECTION DAY PRECINCTS AND POLLING PLACES; PROVIDING FOR EARLY VOTING AND ELECTION DAY VOTING; PROVIDING FOR PERFORMANCE OF REQUIRED ADMINISTRATIVE DUTIES; MAKING PROVISIONS FOR THE CONDUCT OF SUCH ELECTION; CERTIFYING PROVISION OF REQUIRED ACCESSIBLE VOTING SYSTEMS; AND PROVIDING FOR OTHER MATTERS RELATED TO SUCH ELECTION.

THE STATE OF TEXAS §
COUNTY OF WILLIAMSON § § KNOW ALL BY THESE PRESENTS:
CITY OF HUTTO §

WHEREAS, pursuant to the provisions of the Texas Election Code (as amended), other related statutes, and its Home Rule Charter, the City Council of the City of Hutto, Texas, is authorized to order a General Election for the purpose of electing City Council members to Place 2 and Place 5; and

WHEREAS, the City Council has determined that Saturday, May 5, 2018, is the appropriate date for holding such election, and that date allows sufficient time to comply with requirements of law; and

WHEREAS, the City Council wishes to encourage all registered voters in the City of Hutto to vote in this election; and

WHEREAS, it is hereby officially found and determined that the written public notice of the date, hour, place, purpose and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551 of the Texas Government Code (as amended);

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

SECTION 1 ELECTION DAY

Election Officers. The City Council hereby appoints the Williamson County Elections Administrator and the Hutto City Secretary as the Election Day Officers for the City of Hutto.
Election Date. A General Election shall be held jointly, with participating Williamson County political entities/subdivisions, on Saturday, May 5, 2018.

Precincts and Polling Places. The City hereby accepts the election precincts and polling places designated by the Williamson County Elections Administrator, and approved by the Williamson County Commissioners Court, for such early voting. The designated polling places for said Election Day shall be open from 7:00 am until 7:00 pm. Said locations are listed in Exhibit “A” of this resolution.

Election Judges. The Williamson County Elections Administrator will conduct said election for the City pursuant to the terms of an approved Election Services Contract. The City Council hereby appoints, for the term of such election, the presiding election judge(s) and alternate election judge(s) as being those designated by the Williamson County Elections Administrator and approved by the Williamson County Commissioners Court.

The Williamson County Elections Administrator is hereby authorized to appoint the number of election clerks necessary to assist in the proper conduct of the election. The appointment of such clerks shall include a person fluent in the Spanish language to serve as a clerk to render oral aid in the Spanish language to any voter desiring such aid at the polls on the day of the election.

SECTION 2 EARLY VOTING

Early Voting Clerk. The City Council hereby appoints the Williamson County Elections Administrator as the Early Voting Clerk for the City of Hutto. The Williamson County Elections Administrator shall appoint the presiding judge(s) for each of said Early Voting and Temporary polling places and is hereby further authorized to appoint additional election clerks (not less than two and not more than six) to assist in conducting said election.

Times for Early Voting. During the period in which early voting is required or permitted by law, that being April 23, 2018 through May 1, 2018, the dates and times designated for early voting by personal appearance shall be designated by the Williamson County Elections Administrator. Said locations, dates and times for early voting are listed in Exhibit “A” of this resolution.

Places for Early Voting. Early voting shall be conducted by personal appearance at the early voting polling places designated by the Williamson County Elections Administrator, and approved by the Williamson County Commissioners Court. Said locations for early voting are listed in Exhibit “A” of this resolution.

After the Williamson County Elections Administrator finalizes contracts with all of the potential political entities/subdivisions wanting to participate in the May 5, 2018 election a Notice of Election will be posted in Spanish and English by the City Secretary.
Listing the approved early voting locations, dates and times on the bulletin board used for posting notices of City Council meetings, and same shall be posted not later than the twenty-first (21st) day before the date of the election and shall remain posted through Election Day.

**Applications for Ballots by Mail:** Applications for ballots by mail must be received, in the office of the Williamson County Elections Administrator, not later than 5:00 p.m. on Tuesday, April 24, 2018. The Early Voting Clerk’s mailing address to which ballot applications and ballots to be voted by mail may be sent is as follows:

Early Voting Clerk  
Williamson County Elections Office  
Post Office Box 209  
Georgetown, TX 78627-0209

**SECTION 3 EARLY VOTING BALLOT BOARD**

An Early Voting Ballot Board is hereby created to process early voting results, and the City hereby appoints the presiding judge of the Early Voting Ballot Board as appointed by the Williamson County Elections Administrator. Such presiding judge shall appoint not less than two (2) other qualified members to serve on such Board.

**SECTION 4 CUSTODIAN OF ELECTION RECORDS**

Pursuant to the Texas Election Code and the applicable Election Services Contract, the Williamson County Elections Administrator shall be appointed as custodian of voted ballots and the City Secretary of the City of Hutto will serve as the custodian of all other election records.

**SECTION 5 CANDIDATE FILING PERIOD**

In accordance with Section 143.007 of the Texas Election Code the deadline for filing an application for a place on the ballot, with the City Secretary, is hereby designated as 5:00 p.m. Friday, February 16, 2018.

**SECTION 6 VOTERS**

All resident, qualified voters of the City shall be entitled to vote at the elections.

**SECTION 7 NOTICE**

**Posting.** Notice of this election, including a Spanish translation hereof, shall be posted the on the bulletin board used for posting notices of City Council meetings, and same shall be posted not later than the twenty-first (21st) day prior to the date of the election and shall remain posted through Election Day.

**Publication.** Notice of this election, including a Spanish translation hereof, shall be published at least once in a newspaper of general circulation in the City, the publication
to appear not earlier than the thirtieth (30th) day before or not later than the tenth (10th) day prior to the date of the election and shall remain posted through Election Day.

**Authorization to City Secretary.** The City Secretary is hereby authorized and directed to publish and post the required notices in the manner and for the time periods required by law.

**SECTION 8 VOTING DEVICES**

Pursuant to the Election Code and the applicable Election Services Contract, the Williamson County Elections Administrator may use electronic voting systems and corresponding voting devices and equipment in conducting the election. Said election equipment has been certified by the Texas Secretary of State.

The Williamson County Elections Administrator will utilize a central counting station, as provided by Texas Election Code § 127.000 et seq., as amended, on Election Day.

**SECTION 9 CONDUCT ACCORDING TO STATUTES**

In all substantive respects, the elections shall be conducted in accordance with applicable provisions of the Texas Election Code, any other applicable statutes, and the City of Hutto’s Home Rule Charter.

**SECTION 10 ELECTION RESULTS**

The Williamson County Elections Administrator shall conduct an unofficial tabulation of results after the closing of the polls on May 5, 2018. The official canvass, tabulation and declaration of the results of the elections shall be conducted by the City Council at a regular or special council meeting held in accordance with provisions of the Texas Election Code.

**SECTION 11 MISCELLANEOUS**

The provisions of this Resolution are severable, and in case any one or more of the provisions of this Resolution or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, then the remainder of this Resolution nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all in accordance with and as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and the Act.
RESOLVED on this the 1\textsuperscript{st} day of \textbf{February, 2018}.

\begin{flushright}
\textbf{CITY OF HUTTO, TEXAS}
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\begin{flushright}
\underline{Doug Gaul, Mayor}
\end{flushright}

\begin{flushleft}
\textbf{ATTEST:}
\end{flushleft}

\begin{flushleft}
Lisa Brown, City Secretary
\end{flushleft}
Exhibit A

Voting locations and times will be provided by the Williamson County Elections Administrator.
NOTICE OF GENERAL ELECTION  
(AVISO DE ELECCIÓN GENERAL)

To the registered voters of the City of Hutto, Texas:  
(a los votantes registrados del Ciudad de Hutto, Texas):

Notice is hereby given that the polling places listed below will be open from 7:00 a.m. to 7:00 p.m., on Saturday, May 5, 2018, for voting in a general election to elect City Council members for Place 2 and Place 5.

(Notifíquese, por las presente, que las casillas electorales sitados abajo se abrirán desde las 7:00 a.m. hasta las 7:00 p.m. el sábado 5 de mayo de 2018 para votar en la Elección General para elegir Concejales para la Posición 2 y Posición 5.

ELECTION VOTING LOCATIONS, DATES AND TIMES:  
(Lugares, fechas y horarios para el día de la elección:)

EARLY VOTING BY PERSONAL APPEARANCE LOCATIONS, DATES, TIMES ARE ON EXHIBIT “A”:  
(Lugares, fechas, horarios, para la votación adelantada en persona son situados en Exhíbe “UN”):

ELECTION DAY VOTING BY PERSONAL APPEARANCE LOCATIONS AND TIMES ARE ON EXHIBIT “B”  
(Lugares, fechas, horarios, para la votación en persona son situados en Exhíbe “B”:

APPLICATIONS FOR BALLOT BY MAIL SHALL BE MAILED TO:  
(Las solicitudes para boletas que se votarán por ausencia por correo deberán enviarse a:)

Williamson County Elections Administrator  
(Administrador de Elecciones de Condado de Williamson)

Post Office Box 209  
(El Apartado de correos 209)

Georgetown, TX 78627-0209  
(Ciudad de Georgetown, TX 78627-0209

Applications for ballots by mail must be received no later than the close of business on April 24, 2018.  
(Las solicitudes para boletas que se votarán en ausencia por correo deberán recibirse para el fin de las horas de negocio el 24 de abril de 2018.)

ISSUED this the 1st day of February, 2018.  
(Emitida este día 1 de febrero, 2018.)

Doug Gaul, Mayor City of Hutto  
Alcalde de la ciudad de Hutto, Doug Gaul
Williamson County Early Voting Schedule
Horario de la Votación Adelantada del Condado de Williamson

Joint General and Special Elections – May 5, 2018
Elecciones Generales y Especiales Conjuntas – 5 de mayo del 2018

subject to change      sujeto a cambio
EXHIBIT “B”
(EXHIBE "B")
ELECTION DAY VOTING LOCATIONS, DATES, AND TIMES
(Lugares, fechas, horarios, para la votación en persona)

Joint General and Special Elections  Saturday, May 5, 2018
Elecciones generales y especiales conjuntas 5 de mayo del 2018

subject to change
sujeto a cambio
ORDER OF GENERAL ELECTION
CITY OF HUTTO, TEXAS

An Election is hereby ordered to be held on Saturday, May 5, 2018, for the purpose of electing members to the Hutto City Council for Place 2 and Place 5.

Said election for city officers shall be held at the polling places for the precincts designated by the Williamson County as noted in Exhibit “A”, which is made a part hereof for all intents and purposes. The polls at the designated polling places shall be open from 7:00 am to 7:00 pm on Saturday, May 5, 2018.

The City Council appoints the Williamson County Elections Administrator as the Early Voting Clerk for the City of Hutto. The Williamson County Elections Administrator shall appoint the presiding judge(s) for each of said Early Voting and Temporary polling places and is hereby further authorized to appoint additional election clerks (not less than two and not more than six) to assist in conducting said election.

Early voting by personal appearance will be conducted at the locations, dates, and specific times designated by the Williamson County as noted in Exhibit “A”.

Applications for ballots by mail shall be mailed to:

Williamson County Elections Administrator
P.O. Box 209
Georgetown, Texas 78627-0209

Applications for ballots by mail must be received no later than 5:00 p.m. on Tuesday, April 24, 2018.

This Order of Election is issued on the 1st day of February, 2018.

CITY OF HUTTO, TEXAS

__________________________
Doug Gaul, Mayor
EXHIBIT A

Voting locations and times will be provided by the Williamson County Elections Administrator.

Lugares y horarios de votación serán proporcionados por el Administrador de Elecciones del Condado de Williamson.
RESOLUCIÓN NRO. __________________

UNA RESOLUCIÓN DE LA CIUDAD DE HUTTO, TEXAS, QUE ORDENA UNA ELECCIÓN A CELEBRARSE EL 5 DE MAYO DE 2018 CON EL FIN DE ELEGIR LUGAR 2 Y LUGAR 5 PARA EL CONSEJO MUNICIPAL; DESIGNA PRECINTOS Y LUGARES DE VOTACIÓN DEL DÍA DE ELECCIÓN; DISPONE LA VOTACIÓN ANTICIPADA Y LA VOTACIÓN EL DÍA DE ELECCIÓN; DISPONE EL DESEMPEÑO DE LAS FUNCIONES ADMINISTRATIVAS REQUERIDAS; ENUNCI A DISPOSICIONES PARA LA CELEBRACIÓN DE DICHA ELECCIÓN; CERTIFICA LA PROVISIÓN DE SISTEMAS DE VOTACIÓN DE FÁCIL ACCESO REQUERIDOS; Y DISPONE OTROS ASUNTOS RELACIONADOS CON DICHA ELECCIÓN.

EL ESTADO DE TEXAS  §
CONDADO DE WILLIAMSON  §§  MEDIANTE LA PRESENTE SE INFORMA A TODOS:
CIUDAD DE HUTTO  §§

EN VISTA DE QUE en conformidad con las disposiciones del Código Electoral de Texas (y sus enmiendas), otras leyes relacionadas y su Carta Orgánica de Gobierno Autónomo, el Consejo Municipal de la Ciudad de Hutto, Texas, está autorizado a ordenar una Elección General con el fin de elegir un Concejal Lugar 2 y un Concejal Lugar 5; y

EN VISTA DE QUE el Consejo Municipal ha determinado que el sábado 5 de mayo de 2018 es la fecha adecuada para celebrar dicha elección y que la fecha permite tiempo suficiente para cumplir con los requisitos que exige la ley; y

EN VISTA DE QUE el Consejo Municipal desea animar a todos los votantes registrados de la Ciudad de Hutto a votar en esta elección; y

EN VISTA DE QUE, por la presente, se halla y determina oficialmente que se colocó el aviso público escrito de la fecha, hora, lugar, objetivo y asunto de la asamblea en la cual se adoptó esta Resolución y que dicha asamblea estuvo abierta al público de acuerdo a lo que exige la ley en todo momento durante el cual se debatió, consideró y obró formalmente sobre esta Resolución y el asunto de la misma, todo esto de acuerdo a lo que exige la Ley de Asambleas Públicas, Capítulo 551 del Código de Gobierno de Texas (y sus enmiendas);

AHORA, POR LO TANTO, EL CONSEJO MUNICIPAL DE LA CIUDAD DE HUTTO, TEXAS, RESUELVE QUE:

SECCIÓN 1 DÍA DE ELECCIÓN

Funcionarios electorales. Por la presente el Consejo Municipal designa al Administrador de Elecciones del Condado de Williamson y al Secretario de la Ciudad de Hutto como los Funcionarios el Día de Elección para la Ciudad de Hutto.
Fecha de la elección. Se celebrará una Elección General en forma conjunta con entidades o subdivisiones políticas participantes del Condado de Williamson el sábado 5 de mayo de 2018.

Precintos y Lugares de Votación. Por la presente la Ciudad acepta los precintos electorales y lugares de votación designados por el Administrador de Elecciones del Condado de Williamson y aprobados por el Tribunal de Comisionados del Condado de Williamson para tal votación anticipada. Los lugares de votación designados para el mencionado Día de Elección abrirán de 7:00 a.m. a 7:00 p.m. Dichos lugares se enumeran en el Anexo “A” de esta resolución.

Jueces de la Elección. El Administrador de Elecciones del Condado de Williamson llevará a cabo dicha elección para la Ciudad en conformidad con los términos de un Contrato para Servicios Electorales aprobado. Por la presente el Consejo Municipal designa para el término de dicha elección, al o a los jueces presidentes y al o a los jueces alternos a aquellas personas designadas por el Administrador de Elecciones del Condado de Williamson y aprobadas por el Tribunal de Comisionados del Condado de Williamson.

Por la presente se autoriza al Administrador de Elecciones del Condado de Williamson a designar la cantidad de funcionarios electorales necesarios para asistir en la celebración correcta de la elección. La designación de dichos funcionarios deberá incluir una persona con fluidez en el idioma español para actuar como funcionario que asista verbalmente en español a cualquier votante que requiera dicha asistencia en las casillas electorales el día de la elección.

SECCIÓN 2 VOTACIÓN ANTICIPADA

Oficial de Votación Anticipada. Por la presente el Consejo Municipal designa al Administrador de Elecciones del Condado de Williamson como el Oficial de Votación Anticipada para la Ciudad de Hutto. El Administrador de Elecciones del Condado de Williamson designará al o a los jueces presidentes para cada uno de los lugares de votación temporal y votación anticipada y por la presente además queda autorizado a designar funcionarios electorales adicionales (no menos de dos ni más de seis) para asistir en la celebración de dicha elección.

Horarios de Votación Anticipada. Durante el periodo en el que se requiere o permite por ley la votación anticipada, es decir, del 23 de abril de 2018 al 1 de mayo de 2018 inclusive, las fechas y los horarios designados para la votación anticipada en persona serán designados por el Administrador de Elecciones del Condado de Williamson. Dichos lugares, fechas y horarios para votación anticipada se enumeran en el Anexo “A” de esta resolución.

Lugares de Votación Anticipada. La votación anticipada se realizará en persona en los lugares de votación anticipada designados por el Administrador de Elecciones del Condado de Williamson y aprobados por el Tribunal de Comisionados del Condado de Williamson. Dichos lugares para votación anticipada se enumeran en el Anexo “A” de esta resolución.

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Después de que el Administrador de Elecciones del Condado de Williamson finalice contratos con todas las potenciales entidades o subdivisiones políticas que quieran participar en la elección del 5 de mayo de 2018 el Secretario de la Ciudad colocará un Aviso de Elección en español y en inglés

Enumerando lugares, fechas y horarios de votación anticipada aprobados en el tablero de anuncios que se utiliza para colocar avisos de las asambleas del Consejo Municipal, y el mismo se colocará no antes del vigésimo primer (21.°) día antes de la fecha de la elección y permanecerá colocado hasta el Día de Elección inclusive.

**Solicitudes de boletas de votación por correo:** Las solicitudes de boletas de votación por correo deben ser recibidas, en la oficina del Administrador de Elecciones del Condado de Williamson, antes de las 5:00 p.m. del martes 24 de abril de 2018. La dirección postal del Oficial de Votación Anticipada a la cual se pueden enviar las solicitudes de boletas y las boletas para votar por correo es la siguiente:

Early Voting Clerk  
Williamson County Elections Office  
Post Office Box 209  
Georgetown, TX 78627-0209

**SECCIÓN 3  CONSEJO DE BOLETAS DE VOTACIÓN ANTICIPADA**

Por la presente se crea el Consejo de Boletas de Votación Anticipada para procesar los resultados de la votación anticipada, y por la presente la Ciudad designa al juez presidente del Consejo de Boletas de Votación Anticipada según lo designado por el Administrador de Elecciones del Condado de Williamson. Dicho juez presidente designará un mínimo de otros dos (2) miembros habilitados para fungir en dicho Consejo.

**SECCIÓN 4  CUSTODIO DE LOS REGISTROS DE LA ELECCIÓN**

En conformidad con el Código Electoral de Texas y el Contrato para Servicios Electorales pertinente, el Administrador de Elecciones del Condado de Williamson será designado como custodio de las boletas de votación emitidas, y el Secretario de la Ciudad de Hutto actuará como custodio de todos los demás registros electorales.

**SECCIÓN 5  PERÍODO DE PRESENTACIÓN DE CANDIDATURA**

En conformidad con la Sección 143.007 del Código Electoral de Texas, por la presente se designa la fecha límite de presentación de solicitud de un lugar en la boleta de votación, al Secretario de la Ciudad, como el viernes 16 de febrero de 2018 a las 5:00 p.m.

**SECCIÓN 6  VOTANTES**

Todos los votantes habilitados residentes de la Ciudad tendrán derecho a votar en las elecciones.
SECCIÓN 7 Aviso

Colocación. El aviso de esta elección, incluida una traducción al español del mismo, se colocará en el tablero de anuncios utilizado para colocar avisos de las asambleas del Consejo Municipal, y el mismo se colocará no después del vigésimo primer (21.°) día anterior a la fecha de la elección y permanecerá colocado hasta el Día de Elección inclusive.

Publicación. El aviso de esta elección, incluida una traducción al español del mismo, se publicará al menos una vez en un periódico de circulación general en la Ciudad, y la publicación debe aparecer no antes del trigésimo (30.°) día antes o no después del décimo (10.°) día anterior a la fecha de la elección y permanecerá colocado hasta el Día de Elección inclusive.

Autorización al Secretario de la Ciudad. Por la presente, se autoriza e instruye al Secretario de la Ciudad a publicar y colocar los avisos requeridos de la manera y durante los períodos de tiempo que exige la ley.

SECCIÓN 8 Aparatos de Votación

En conformidad con el Código Electoral y el Contrato para Servicios Electorales pertinente, el Administrador de Elecciones del Condado de Williamson puede utilizar sistemas de votación electrónica y equipos y aparatos de votación que correspondan para celebrar la elección. El mencionado equipo electoral ha sido certificado por el Secretario del Estado de Texas.

El Administrador de Elecciones del Condado de Williamson utilizará una estación central de conteo de acuerdo a lo dispuesto por la Sección 127.000 y siguientes, y sus enmiendas, del Código Electoral de Texas, el Día de Elección.

SECCIÓN 9 Conducción de Acuerdo con las Leyes

En todos los aspectos sustanciales, las elecciones se llevarán a cabo en conformidad con las disposiciones pertinentes del Código Electoral de Texas y cualquier otra ley correspondiente, y la Carta Orgánica de Gobierno Autónomo de la Ciudad de Hutto.

SECCIÓN 10 Resultados de la Elección

El Administrador de Elecciones del Condado de Williamson llevará a cabo una tabulación no oficial de los resultados al cierre de las casillas electorales el 5 de mayo de 2018. El Consejo Municipal realizará el escrutinio oficial, la tabulación y la declaración de los resultados de las elecciones en una asamblea ordinaria o extraordinaria que se realice en conformidad con las disposiciones del Código Electoral de Texas.

SECCIÓN 11 Disposiciones Varias

Las disposiciones de esta Resolución son divisibles y, en caso de que alguna o más de las disposiciones de esta Resolución o la aplicación de las mismas a alguna persona o circunstancia se determinen inválidas, inconstitucionales o inefectivas para alguna...
persona o circunstancia, entonces el resto de esta Resolución será de todas formas válido y la aplicación de dicha disposición inválida a cualquiera de dichas personas o circunstancias distinta de aquellas para las que se determine inválida no se verá afectada por esto.

Por la presente, el Consejo Municipal determina y declara que se publicó el aviso de la fecha, horario, lugar y asunto de la asamblea en la cual se adoptó esta Resolución y que dicha asamblea estuvo abierta al público de acuerdo a lo que exige la ley en todo momento, durante la cual se debatió, consideró y obró formalmente sobre esta Resolución, todo esto de acuerdo a lo que exige la Ley de Asambleas Públicas, Capítulo 551 del Código de Gobierno de Texas, y sus enmiendas, y la Ley.

RESUELTA el 1 de febrero de 2018.

CIUDAD DE HUTTO, TEXAS

__________________________
Doug Gaul, Alcalde

ASTEIGUA:

__________________________
Lisa Brown, Secretario de la Ciudad
Anexo A

El Administrador de Elecciones del Condado de Williamson proveerá los lugares y horarios de votación.