

Memo

To: Williamson County Commissioners Court
From: Michael J. Weaver
Date: July 7, 2017
Re: Hickory Pass Ranch Conservation Bank – Advance Purchase Offer

On May 15, 2007, the Williamson County Commissioners Court authorized entering into an agreement with the Hickory Pass Ranch Conservation Bank (Hickory Pass) to purchase golden-cheeked warbler mitigation credits as part of the Williamson County Foundation-sponsored Regional Habitat Conservation Plan (RHCP) under development. Subsequent to entering into the agreement with Hickory Pass, the County purchased the first 500 mitigation credits for \$6,500.00 per credit. The agreement also gave the County the option to purchase another 500 mitigation credits at a guaranteed, discounted price of \$6,000.00 per credit should the County elect to exercise its option to purchase the credits by September 30, 2010 and close the purchase by December 31, 2010.

Since the time the original agreement was entered into, Hickory Pass has prepared and provided our office with an amendment to the original agreement for the County's review (attached). Hickory Pass is offering the County the opportunity to purchase the second 500 mitigation credits on an accelerated timetable for the further-discounted price of \$5,500.00 per credit, based on a closing date of December 17, 2008, rather than the closing date of December 31, 2010 as identified in the original agreement. The amendment represents a savings of \$250,000.00 to the County should it exercise the option to purchase the credits based on the provisions of the amendment.

Taking advantage of this offer could be a worthwhile investment for the County. The balance of the credits the County does not utilize for its upcoming roadway projects would be sold to participants in the RHCP on an increasing per credit fee basis as outlined in the Financial Plan for the RHCP. Currently, we estimate that the County would utilize approximately 350 credits for road bond projects through year 2011. Similarly, the County could also sell those credits to other interested parties on a competitive fee basis, as the Hickory Pass does now. Within the next few years, Hickory Pass will have exhausted selling its credit inventory and demand for mitigation credits in this region will continue to increase, with few options for extensive mitigation.

Please let us know how the County would like to proceed with regard to the proposed amendment.

Attachment

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