

Comal County Emergency Services District #7

Minutes of May 25, 2023 Meeting

1. CALL TO ORDER

A regular meeting was held 550 Landa Street, New Braunfels City Hall and was called to order at 8:36 A.M. by President James Frye.

2. STATEMENT OF QUORUM

The following Commissioners were present: James Frye, Christine Seidel, Kim Carroll, and Mark Kauzlarich. A quorum was declared. Also, in attendance were ESD7 Accountant, Patricia Wagner, New Braunfels Fire Department Fire Chief Ruy Lozano, Assistant City Manager Jared Werner, and Assistant City Attorney Frank Onion.

3. APPROVAL OF MINUTES OF PRIOR MEETING

Board members reviewed Minutes from the April 13, 2023 meetings. On a motion made by Christine Seidel and seconded by Mark Kauzlarich, to accept the minutes, the motion carried unanimously.

4. CITIZEN COMMENT

There were no comments from citizens.

5. REVIEW CITY CALL REPORT

Chief Lozano presented April 2023 Call Report.

ESD 7 had 91 calls which was 8.65% of the total of 1052 calls, which is below average for ESD7. The majority of calls were to Station 2. Chief Lozano is working with the GIS department to map the calls to be able to see response times and high service areas.

6. CHIEF'S REPORT

Chief Lozano presented the Chief's Report as follows:

- There has been a slight weather delay for the Station 7 project, but construction is still on schedule.

7. CITY MANAGER OFFICE REPORT

Assistant City Manager Jared Werner led a discussion regarding Veramendi and Mayfair developments relating to the ESD7 Sales and Use Tax (SUT). He asked that Item 8, SB2370 also be discussed under item 7.

- The legal issues related to a proposed agreement with ESD7 to transfer a portion of the SUT to the City has been discussed with the Veramendi and Mayfair developers.

- A process flow diagram was provided for discussion of the issues. The diagram illustrates a proposed series of interlocal agreements which would allow a portion of the SUT collected by ESD7 to be transferred to the City of New Braunfels. A copy of the diagram is attached to these minutes.
- Frank Onion said that there are specific legal issues and requirements that would need to be addressed by the proposed agreements. There would likely be an interlocal agreement between the City and ESD7 and modifications to the SPA's for Veramendi and Mayfair.
- Christine Seidel asked about the City contribution to the NBEDC shown on the diagram. She said that the Board had not been informed of this before. Frank Onion said that it had always been a component of the SPA's. Ms. Seidel replied that new issues regarding the SUT seemed to be introduced at every Board meeting.
- Kim Carroll said that the ESD7 Board had not been included during the process of developing the SPA's for Veramendi and Mayfair which has caused a frustration level among ESD7 Board members. He also said that if the Board had been informed regarding the use of the SUT for the SPA's, that it would have been addressed during the SUT election process.
- James Frye said that no issues were raised during ESD7 Board meetings during planning and preparation for the SUT election.
- Frank Onion said that the City was working to remedy the oversight by initiating the additional agreements.
- Mark Kauzlarich asked about the impact of SB2370 regarding ESD's in the State of Texas; will this set a precedent for division of other ESD's? Frank Onion replied that he didn't think it would.
- Pat Wagner asked what would happen if the ESD7 Board did not enter into an agreement regarding allocation of the SUT. Jared Werner replied that he didn't know the answer to her question.
- Jared Werner asked whether or not the Board was in favor of SB2370. Kim Carroll replied that the Board was not necessarily in favor of the formation of a new ESD but that the Board did not have any standing to affect the outcome of the legislative process.
- James Frye said that ESD7 has a great relationship with the City Fire Department and City management staff.
- Mark Kauzlarich said that the Board needed a proposed agreement before any decisions could be made. He also asked about the timeline for submittal of a proposal to ESD7 to consider which would address the City's SPA's. He also asked for an analysis of the potential impact to the ESD7 SUT.
- James Frye said that any agreement needed to be separate from the current contract with the City.
- Mark Kauzlarich asked if the Mayfair boundary was inside of the ESD7 boundary. Jared Werner replied that the City would provide a map of Mayfair within ESD7.
- Frank Onion said that he would work directly with ESD7 attorney Ken Campbell to develop the proposed agreement to address SUT issues.
- Pat Wagner asked about the large SUT payment from the State Comptroller for April. Jared Werner replied that a business warehouse entity that is not in the City of New Braunfels had been paying SUT to the City through the Comptroller's office. The

Comptroller's office corrected the mistake and transferred funds from the City's account to the ESD7 account.

- Jared Werner said that the true-up cost estimate would be delivered to ESD7 in July.

8. DISCUSSION OF SB 2370 AND CITY'S DEVELOPMENT AGREEMENTS WITHIN ESD7

Issues related to SB 2370 were discussed under Item 7.

9. TREASURER'S REPORT

Patricia Wagner presented the Treasurer's Report as follows:

- Reviewed the April 2023 financial report.
- TxPool interest payment was \$26,000 at a rate of 4.2%.
- ESD7 is owed approximately \$13,000 in tax revenue for the current tax year.
- ESD7 is owed approximately \$67,000 in tax revenue since formation of the District.

10. CLOSED MEETING OF BOARD OF EMERGENCY SERVICES COMMISSIONERS TO MEET AND CONFER WITH LEGAL COUNSEL PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

A closed meeting was not held.

ACTION AGENDA

11. DISCUSSION AND ACTION ON PAYMENT OF BILLS

- Burns Anderson Jury and Brenner, LLP - \$4,000.59 for legal services
- Haynie & Company - \$860.00 for 2022 audit services
- Patricia Wagner - \$577.50 for accounting services

On a motion made by Kim Carroll and seconded by Mark Kauzlarich, to pay the bills as presented, the motion carried unanimously.

12. DISCUSSION AND ACTION ON ZAC TAX CONTRACT

Christine Seidel presented information about the Zac Tax software system which provides analytics on SUT accounts. Ms. Seidel said that the information would be helpful in looking at the impact of a potential agreement with the City of New Braunfels regarding Veramendi and Mayfair. It will also be helpful to understand the trends and fluctuations of monthly tax payments. The cost of an annual license for the software is \$5,000 for ESD7. ESD7-A would be an additional charge.

On a motion made by Kim Carroll and seconded by Mark Kauzlarich, to acquire an annual license for the ESD7 area at a cost of \$5,000, the motion passed unanimously.

DISCUSSION ITEMS:

A. OLD BUSINESS: There was no old business to discuss.

B. NEW BUSINESS/ANNOUNCEMENTS: Mark Kauzlarich said that he had been to a presentation made by ESD 3 to the River Chase POA regarding operation and services of ESD 2 and 3.

C. NEXT MEETING: The next regular meeting of ESD7 will take place at 8:30 A.M. Thursday, June 22, 2023 at 550 Landa Street, New Braunfels City Hall.

D. ADJOURNMENT: There being no further business, the meeting adjourned at approximately 10:25 A.M.

A handwritten signature in blue ink, appearing to read "Kim Carroll", is centered on the page. The signature is fluid and cursive.

Kim Carroll, Secretary

Process established through interlocal agreement between City of New Braunfels and ESD7

ESD Collects 1.5% Sales Taxes

ESD Conveys Veramendi and Mayfair commercial and mixed commercial sales taxes to City.

City Utilizes sales taxes for Fire and Emergency services purposes - Full 1.5% from ESD 7

City provides General Fund contribution to Mayfair in accordance with SPA. Equal to 40% of 1.125% allocation (50% after year 5), less the set aside to the NBEDC (see below)

City provides General Fund contribution to Veramendi in accordance with SPA. Equal to 40% of 1.125% allocation (50% after year 5), less the set aside to the NBEDC (see below)

City provides General Fund contribution To NBEDC for collected type B portion. Equal to 25% or .375 of the 1.5% allocation. 40% or 50% (based on year) of the NBEDC portion is set aside for eligible expenditures within the district per section 5.11 of SPA

Process established through interlocal agreement(s) between City and Veramendi and City and Mayfair