

BRACEWELL

MEMORANDUM

To: Valeria M. Acevedo
City Attorney, City of Braunfels

From: Blakely L. Fernandez

Date: July 8, 2024

Subject: Mayfair Development / Comal County Water Improvement District No 3

Comal County Water Improvement District No. 3 (including Districts 3A and 3B, and the District 3 Master District, the “WID”) is closing on its initial financing for infrastructure this July. The underwriter has requested certain waivers of contractual deficiencies in the Development Agreement with the City for the Mayfair Development in order to secure an unqualified opinion from underwriter’s counsel.

A resolution waiving these deficiencies has been prepared for the City Council. Specifically, this resolution waives five items:

1. No written agreement for Fire and EMS Services prior to May 7, 2022 (the “WID Initial Directors Election”). We note that the Fire and EMS Services are provided by Comal County Emergency Services District No. 7 (“ESD7”), the ESD which shares jurisdiction over the WID. No agreement is required for ESD7 to serve this area.
2. No written agreement for Public Safety and Police Services prior to the WID Initial Directors Election. Public Safety and Police Services in the City’s ETJ, including the WID, is provided by the Comal County Sheriff’s Department, unless the City agrees otherwise.
3. No written agreement for Solid Waste Services prior to the WID Initial Directors Election. After discussions with the City, the WID has agreed to pursue a private contract for Solid Waste Services.

Two City agreements with the WID, (i) the Strategic Partnership Agreement and (ii) the Interlocal Cooperation Agreement Concerning the Allocation of Sales and Use Tax Collection Revenue and Use of Capital Improvements for Fire and Emergency Services, also address the services described above.

4. Any division of the WID must result in districts that encompass a minimum of 100 acres.

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On February 9, 2024, the WID adopted an Order Dividing Comal County Water Improvement District No. 3, creating two new districts, District 3A and District 3B, along with the District 3 Master District.

While District 3A and District 3B each encompass more than 100 acres, as required by the Development Agreement, the District 3 Master District holds only key infrastructure and will undertake financing for WID infrastructure, without directly collecting any assessments. Accordingly, the Master District encompasses less than 100 acres.

5. The WID did not provide 60 days' written notice to the City of the proposed division.

The requested waiver only addresses actions and omissions for these specific items up to July 22, 2024 and does not waive the City's rights and remedies for actions and omissions after this date.

The Mayfair developer and the WID respectfully request the City's support of this waiver, which is a critical pathway to accomplishing the scheduled infrastructure financing.

BY E-MAIL