



**CITY OF HEDWIG VILLAGE, TEXAS  
SPECIAL CITY COUNCIL MEETING  
MONDAY, JANUARY 29, 2018  
955 PINEY POINT ROAD**

**MINUTES**

**1. CALL TO ORDER**

Mayor Muecke called the meeting to order at 9:05 a.m.

Present: Mayor Brian Muecke

Councilmember Carrol McGinnis  
Councilmember Barry Putterman  
Councilmember Shirley Rouse  
Councilmember Bob Wiener  
Councilmember Matt Woodruff (arrived at 9:25 a.m.)

Kelly Johnson, City Admin./Sec.-Treasurer  
Alan Petrov, City Attorney  
Lisa Modisette, Assistant City Secretary

Absent: Lane Standley, Building Official

**2. Canvassing the January 20, 2018 Election**

- A. Discussion and Possible Action regarding an Ordinance Canvassing the Returns and Declaring the Results of the Special Election held in the City of Hedwig Village, Texas, on January 20, 2018; and containing findings and provisions related to the subject.

Kelly Johnson, City Administrator/City Sec.-Treas., read Proposition A into the record.

**PROPOSITION A**

Reducing the tax rate in the City of Hedwig Village, Texas for the current year from \$.271863 per \$100 of assessed valuation to \$.234281 per \$100 assessed valuation.

	<u>Early Voting</u>	<u>Election Day</u>	<u>Total</u>
For	166	108	274
Against	11	38	49
Provisional	0	0	0
Total Ballots Cast	177	146	323

Percentage of registered voters that voted 20%

Councilmember McGinnis moved, Councilmember Putterman seconded, to approve the canvass of the Rollback Tax Election.

Councilmember Rouse asked how the voter turnout compared to previous elections.

Kelly Johnson stated the numbers are similar to elections in the past.

Councilmembers McGinnis, Putterman, Rouse, and Wiener voted “Aye”, “Noes” none.

**MOTION CARRIED UNANIMOUSLY**

**3. Discussion and Possible Action regarding a contract with Spring Branch Independent School District to process the refunds of the City and rebill unpaid accounts for the 2017 Tax Year resulting from the Special Rollback Tax Election held on January 20, 2018.**

Alan Petrov, City Attorney, stated the rollback election restates the tax rate for 2017 at a lower rate. Any resident who has paid their property tax will receive a refund and any resident who has not paid their property tax will receive a corrected tax bill. Spring Branch Independent School District (SBISD) Tax Office will calculate the amount of the refund and issue those refunds.

Kelly Johnson stated the new grace period for paying the property tax at the new tax rate is approximately three months. She stated the tax office will begin processing the refunds and rebills within the next week. The City will pay SBISD approximately \$8,500.00, plus postage, for the additional service.

Mayor and Councilmembers discussed the manner in which the tax office will refund and receipt any tax overage paid. There was discussion on the grace period applying only to Hedwig Village property taxes and not to other taxing entities. The City will find out how the tax office will handle the refunds and rebills.

There was also discussion on how the city will account for the refunds in the accounting of city revenue. Kelly Johnson stated the refunds will not be considered an expense and will decrease revenue.

Alan Petrov wrote the agreement with SBISD based on their pricing for providing the refunding service. There are other companies the city could have contracted with for this service but the fee per account would have been higher.

There was discussion on how the funds will be available to SBISD to refund the overpayments.

Alan Petrov stated the refunds would most likely be deducted from any taxes collected for the city by SBISD for taxes paid but not yet forwarded to the city. Any additional amount owed by the city to process the refunds will be paid to SBISD.

The tax refund may be returned to the mortgage or escrow company instead of to the resident. The refund will be processed by SBISD as quickly as possible.

Councilmembers Rouse and McGinnis encouraged the city to post information on the website in relation to when the refunds will be processed and mailed.

Councilmember Putterman moved, Councilmember Rouse seconded, to approve the agreement as presented.

Councilmembers McGinnis, Putterman, Rouse, Wiener, and Woodruff voted “Aye”, “Noes” none.

#### **MOTION CARRIED UNANIMOUSLY**

#### **4. Discussion and Possible Action regarding a Resolution of the City Council of the City of Hedwig Village, Texas, declaring official intent to reimburse expenditures from proceeds of Tax-Exempt Obligations.**

Mayor Muecke stated a municipality cannot reimburse itself without first passing a reimbursement resolution. He stated passing this resolution gives the city the ability to reimburse itself from future debt obligations for expenses but does not require the city to acquire debt.

Alan Petrov stated that any municipality must follow state law and IRS rules and regulation in relation to acquiring debt. The city must pass a resolution in order for a city to retain its tax exempt status for future debt.

Mayor Muecke clarified that passing this resolution would enable the city to reimburse itself for certain capital expenditures while maintaining the city’s tax exempt status for future debt. He stated the city would have 18 months to decide to issue debt for reimbursement purposes.

Councilmember Weiner stated the city should have the funds available when the Village Fire Department (VFD) renovation begins.

Councilmember Rouse stated the city would have plenty of time to acquire debt to fund the city’s portion of the VFD renovation expense. She stated this resolution is not needed for that purpose.

Councilmember Putterman suggested reviewing the city’s expenditures in light of lower sales tax revenue. Councilmember McGinnis agrees Council should review the expenditures.

Councilmember Woodruff stated the city has a new budget reality with the rollback election, lower sales tax, and commercial district changes. He stated postponing certain purchases, such as police vehicles, is not the way to cut the budget this year. The police department will need new vehicles and postponing the purchase for another budget will not correct the problem, it will just increase the expense in a future budget. He stated Council could consider passing a similar resolution every year.

Councilmember Putterman stated Council should pass a resolution in relation to VFD to declare Hedwig Village's intent to fund its portion of the renovation.

Councilmember McGinnis moved, Councilmember Rouse seconded, to table Agenda Item #4 until the next Council meeting or earlier.

Councilmembers McGinnis and Rouse voted "Aye". Councilmembers Putterman, Wiener, and Woodruff voted "No".

#### **MOTION DID NOT CARRY**

Mayor Muecke asked Council to adopt an amended version of the resolution.

Councilmembers Rouse and McGinnis stated there is no reason for Council to adopt this resolution at this time. They stated the city should not be focused on issuing debt. Councilmember Rouse stated the city should create a spending plan and should concern itself with running the city with the lower tax rate. Councilmember McGinnis agrees and stated the city should recommend reducing or eliminating expenditures.

Councilmember McGinnis stated the city could better choose VFD funding options after a review of the budget at the rollback tax rate.

Mayor Muecke, Councilmember Woodruff, and Councilmember Putterman suggested passing an amended resolution at a future meeting for VFD and drainage only as a show of good faith the city will meet its funding obligation to VFD. Councilmember Woodruff stated Council needs to review the revenue and expenditures of the city budget. He stated the city should have a financial reserve.

Councilmember Rouse moved, Councilmember McGinnis seconded, to table Agenda Item #4 until the next Council meeting or earlier.

Councilmembers McGinnis, Rouse and Wiener voted "Aye". Councilmembers Putterman and Woodruff voted "No".

#### **MOTION CARRIED**

### **5. Discussion and Possible Action regarding an agreement with USCA from Municipal Financial Advisory Services.**

US Capital Advisor (USCA) are the advisors to the city in regards to bond issuance. The agreement before Council specifies USCA will reduce their normal fee to \$5,000 for services rendered in connection with the 2018 Tax Notes the city is considering issuing.

Councilmember McGinnis moved to table Agenda Item #5. There was no second.

Councilmember Rouse suggested replacing the words "to be" with "that may be" into the agreement between the words "services" and "rendered" in the third line of the paragraph. Councilmember Woodruff suggested striking the word "the" from the two instances of "the 2018 Tax Notes" in the fourth line of the paragraph and in the second paragraph.

Councilmember Putterman moved, Councilmember Woodruff seconded, to approve the agreement with US Capital Advisors with the changes as discussed.

Councilmembers McGinnis, Putterman, Rouse, Wiener and Woodruff voted "Aye". "Noes" none.

**MOTION CARRIED UNANIMOUSLY**

## 6. Adjourn

Councilmember Wiener moved, Councilmember Putterman seconded, to adjourn the meeting at 10:25 a.m.

Councilmembers McGinnis, Putterman, Rouse, Wiener and Woodruff voted "Aye", "Noes" none.

**MOTION CARRIED UNANIMOUSLY**

Approved and accepted on April 12, 2018.

  
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Brian T. Muecke, Mayor

ATTEST:

  
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Lisa Modisette, Asst. City Secretary