

CITY OF FAIR OAKS RANCH

MUNICIPAL DEVELOPMENT DISTRICT MEETING

Wednesday, October 11, 2023 at 4:00 PM

Public Safety Training Room in the Police Station, 7286 Dietz Elkhorn, Fair Oaks Ranch

AGENDA

OPEN MEETING

1. Roll Call - Declaration of a Quorum
2. Pledge of Allegiance

CITIZENS and GUEST FORUM

To address the Board, please sign the Attendance Roster located on the table at the entrance in the foyer of the Public Safety Training Room. In accordance with the Open Meetings Act, the MDD Board may not discuss or take action on any item which has not been posted on the agenda. Speakers shall limit their comments to five (5) minutes each.

3. Citizens to be heard.

PRESENTATIONS

4. Introduction of new MDD Board Members.

Laura Koerner, MDD President

CONSENT AGENDA

5. Approval of the July 12, 2023 Regular MDD Board meeting minutes.

Laura Koerner, MDD President

REPORTS

6. Fair Oaks Ranch Civic Center Project status update.

Scott Huizenga, Interim City Manager

7. Quarterly Financial and Investment Report for the period ending September 30, 2023.

Summer Fleming, Investment Officer

CONSIDERATION / ACTION ITEMS

8. Consideration and possible action regarding the election of MDD Officers for Fiscal Year 2023/2024.

Laura Koerner, MDD President

9. Consideration and possible action regarding subcommittee assignments of current and new MDD Board Members.

Laura Koerner, MDD President

[10.](#) Consideration and possible action to approve a resolution reaffirming the Fair Oaks Ranch Municipal Development District's Investment Policy.

Summer Fleming, MDD Investment Officer

[11.](#) Consideration and possible action on debt issuance options for the District.

Summer Fleming, MDD Investment Officer

12. Consideration and possible action regarding alternative MDD investment options.

Mike Lovelace, MDD Treasurer
Summer Fleming, MDD Investment Officer

[13.](#) Consideration and possible action regarding the design and content of a website and grant application for the MDD.

Nicholas DiCianni, Marketing & Project Opportunities Subcommittee Chair
Amanda Valdez, TRMC, Deputy City Secretary

14. Consideration and possible action regarding creation and funding a small dollar/small project program for the MDD.

Mike Lovelace, Small Scope/Small Dollar Subcommittee Chair

[15.](#) Consideration and possible action regarding upcoming Regular MDD Board Meeting Dates.

Laura Koerner, MDD President

ADJOURNMENT

Next quarterly meeting: To be determined.

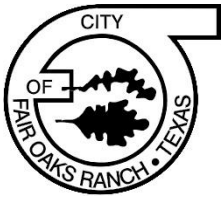
Signature of Agenda Approval: s/ Laura Koerner

Laura Koerner, President

I, Amanda Valdez, TRMC, Deputy City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the City's website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times.

As per Texas Government Code 551.045, said Notice was posted by 4:00 PM, October 8, 2023 and remained so posted continuously for at least 72 hours before said meeting was convened.

The Fair Oaks Ranch Police Station is wheelchair accessible at the front main entrance of the building from the parking lot. Requests for special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary's office at (210) 698-0900. Braille is not available.



CITY OF FAIR OAKS RANCH
MUNICIPAL DEVELOPMENT DISTRICT MEETING

Wednesday, July 12, 2023 at 3:00 PM

Public Safety Training Room in the Police Station, 7286 Dietz Elkhorn, Fair Oaks Ranch

MINUTES

OPEN MEETING

1. Roll Call - Declaration of a Quorum.

Present: President Laura Koerner, Vice President Nicholas DiCianni, Treasurer Mike Lovelace, Secretary Rachelle Garcia, Steven Robertson, and David Fairhurst.

With a quorum present, the meeting was called to order at 4:00 PM.

2. Pledge of Allegiance – The Pledge of Allegiance was recited in unison.

CITIZENS and GUEST FORUM

3. Citizens to be heard: None.

CONSENT AGENDA

4. **Approval of the April 12, 2023 Regular MDD Board meeting minutes.**
5. **Approval of a Resolution reaffirming the City of Fair Oaks Ranch Municipal Development District's Project Evaluation Policy.**

The consent agenda was approved by consensus.

REPORTS

6. **Q3 FY2023 Financial and Investment Report.**

MDD Investment Officer, Summer Fleming, provided the Financial and Investment reports to the Board of Directors.

7. **MDD Policy Review process.**

Rachelle Garcia, MDD Secretary, will review the current process and report back via email to group the last time the policies that are part of the review process were reviewed and it will be determined at next MDD meeting in October, what policies shall be reviewed.

CONSIDERATION / ACTION ITEMS

8. **Consideration and possible action approving a resolution authorizing the execution of an amendment to the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch for development of a civic center, and execution of all applicable documents by the Board President.**

President Koerner clarified that the current agreement is set to expire in September and no action on this item would mean the agreement would be terminated. The City is requesting

amendments and an extension. The primary change requested in an additional 3 years, an increase in the grant amount from \$600,000 to \$1.2 million, and the removal of the kitchen and adjustment in the community/city verbiage. President Koerner informed the Board that the next steps include a city council workshop regarding the confirmed usage of space, followed by public input, after which the design phase will begin.

MOTION: Made by Mike Lovelace, seconded by Steven Robertson, to approve a resolution authorizing the execution of an Amendment to the Chapter 377 Project Funding Agreement between the MDD and the City for development of a civic center, and execution of all applicable documents by the Board President.

VOTE: 6-0; Motion Passed.

9. Consideration and possible action to approve the FY 2023-24 MDD Budget.

MOTION: Made by Vice President DiCianni, seconded by Secretary Garcia, to approve the MDD FY 2023-24 Budget to include the increase in the committed funds because of the City’s grant amount being increased to \$1.2 million.

VOTE: 6-0; Motion Passed.

10. Consideration and possible action approving the design and content of a webpage and grant application for the MDD.

Subcommittee Chair, Nick DiCianni and Multimedia Communications Officer, Casey Parker demonstrated to the Board a draft webpage for the MDD. The Board discussed the importance of the downloadable version of the application matching the fillable version on the webpage. A final draft of both will be brought back at a future meeting.

11. Consideration and possible action on the recommendations by the Small Scope/Small-Dollar Subcommittee.

The subcommittee now consists of Mike Lovelace and Rachelle Garcia after the vacancy left after Roy Elizondo’s exit from Council. The Board discussed creating a portion of the annual budget to the small-dollar projects as well as a committee to oversee the applications received. The subcommittee will determine if any policy changes are necessary after discussing with legal counsel.

ADJOURNMENT

The next quarterly meeting will be held on October 11, 2023 at 4:00PM. At this meeting, the Board will evaluate subcommittee positions and their roles.

President, Laura Koerner, adjourned the meeting at 5:46 PM.

ATTEST:

Laura Koerner, MDD President

, MDD Secretary



**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
REPORT ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023**



AGENDA TOPIC: Quarterly Financial & Investment Report – Q4 FY2023
 DATE: October 11, 2023
 PRESENTED BY: Summer Fleming, MDD Investment Officer

INTRODUCTION/BACKGROUND:

Pursuant to Government Code Section 2256.023 and the MDD's Investment Policy Section 11, the Investment Officer is required, on a quarterly basis, to prepare and submit to the MDD Board a written report of investment assets and the market value of the current investments.

The attached presentation is being made to comply with the Q4 FY 2023 reporting requirements.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Frequent review and reporting of the MDD's assets and investment vehicles is both prudent and necessary to verify that the MDD's investment portfolio is being managed according to the investment policy.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

The District earned \$446,931 in sales taxes, \$109,462 in interest, and incurred \$38,185 in expenditures, adding \$518,208 to fund balance for the fiscal year ended September 30, 2023. Investments are currently held in two local government investment pools with a combined balance of \$2.52 million as of September 30.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

This presentation is for informational purposes only and to comply with requirements under Texas Government Code Section 2256.023 and the MDD's Investment Policy.

Fair Oaks Ranch
Municipal Development District
Quarterly Financial & Investment Report

**For the Fiscal Year Ended
September 30, 2023**

**MDD Investment Officer:
Summer Fleming**

Summer Fleming

Fair Oaks Ranch Municipal Development District
Statement of Revenues and Expenditures
Preliminary Financial Results (Unaudited)
For the Fiscal Year Ended September 30, 2023

	<u>Budget</u>	<u>YTD Actual</u>	<u>Actual vs Budget</u>	<u>Percent of Budget</u>
Beginning Fund Balance	2,175,935	2,175,935		
Revenues				
Local Sales Tax	410,000	446,931	36,931	109.01%
Interest	8,000	109,462	101,462	1368.28%
Total Revenue	<u>418,000</u>	<u>556,393</u>	<u>138,393</u>	<u>133.11%</u>
Expenditures				
Supplies	250	-	250	0.00%
Training/Seminars	500	470	30	94.00%
Miscellaneous	-	-	-	0.00%
Attorney	3,500	2,417	1,083	69.06%
Auditor	4,300	4,300	-	100.00%
Professional Services	33,450	30,948	2,502	92.52%
Insurance	50	50	-	100.00%
Total Expenditures	<u>42,050</u>	<u>38,185</u>	<u>3,865</u>	<u>90.81%</u>
Revenues over/(under) expenditures	375,950	518,208	142,258	137.84%
Ending Fund Balance	2,551,885	2,694,143	142,258	105.57%

Fair Oaks Ranch Municipal Development District
Balance Sheet
As of September 30, 2023

Assets

Frost Bank	98,830	
TexPool	460,407	
Texas CLASS	2,064,286	
Accrued Receivables	70,785	
Total Cash & Investments		<u>2,694,308</u>
Total Assets		<u><u>2,694,308</u></u>

Liabilities

Due to City of Fair Oaks	-	
Accounts Payable	165	
		<u>165</u>

Fund Balance

Fund Balance - Operating	100,000	
Infrastructure Improvements - Assigned	875,935	
Infrastructure Improvements - Committed	1,200,000	
Total Fund Balance		<u>2,175,935</u>

Total Revenues	556,393	
Total Expenses	38,185	
Excess Revenue over Expenses		<u>518,208</u>

Total Liabilities & Fund Equity		<u><u>2,694,308</u></u>
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Fair Oaks Ranch Municipal Development District
Investment Report
For the Quarter Ended September 30, 2023

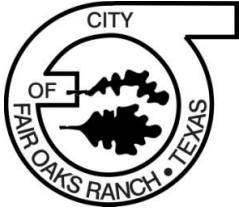
Description	Beginning Balance	Ending Balance	Market Value	QTD Interest	YTD Interest	Avg Yield	Weighted Avg Maturity
Frost Bank	99,485	98,830	98,830	1,028	3,727	0.34%	N/A
TexPool	344,554	460,407	460,407	5,391	41,450	5.25%	26 Days
Texas Class	2,036,181	2,064,285	2,064,285	28,105	64,286	5.44%	42 Days
Total	2,480,220	2,623,523	2,623,523	34,524	109,462		

Interest Rate Comparison

Qtr Ended	MDD	TexPool	Texas CLASS	3 Month T-bill	6 Month T-bill	2 Year Treasury Note	CDARS 6 month CD
Dec-22	3.36%	3.51%	3.80%	4.04%	4.41%	4.41%	2.96%
Mar-23	4.51%	4.45%	4.73%	4.63%	4.75%	4.06%	4.12%
Jun-23	3.91%	4.95%	5.17%	5.17%	5.24%	4.87%	4.72%
Sep-23	5.21%	5.25%	5.44%	5.45%	5.52%	5.12%	4.93%
Year Average	4.25%	4.54%	4.79%	4.82%	4.98%	4.62%	4.18%

Trends and Future Outlook

- The Federal Reserve kept the target range for the federal funds rate at 5.25%-5.5% in its September meeting, but signaled there could be another hike this year.



**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023**



AGENDA TOPIC: Consideration and possible action regarding the election of MDD Officers for Fiscal Year 2023/2024.
DATE: October 11, 2023
PRESENTED BY: Laura Koerner, MDD President

INTRODUCTION/BACKGROUND:

Article III, Section 1 of the MDD By Laws states the MDD Board of Directors shall choose from its members a President, Vice President, Secretary and Treasurer.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Effective leadership of the MDD Board of Directors is essential to conducting all MDD required actions and reports in accordance with Texas MDD Laws and Comptroller requirements, while also providing good stewardship of MDD funds on behalf of our citizens. These officers will be internally elected to serve for fiscal year 2023/2024 (FY 2023-24) with this term ending on 30 September 2024. A new election will be held for each position in October 2024 for fiscal year 2024/2025 (FY 2024/25). All duly appointed MDD board members may seek any office each year. Elections will be held in an open meeting and all votes will be publicly cast by each board member.

BUDGETARY IMPACT:

No financial or budgetary impact.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

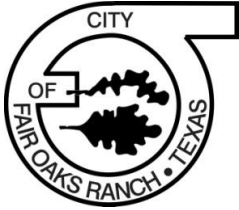
Separate motions may be required to elect a President, Vice President, Secretary and Treasurer. However, if each position has only one board member seeking that office a slate motion may be appropriate. This will be determined in real time in open forum during the election consideration item on this agenda.

I move to elect _____ for the position of President.

I move to elect _____ for the position of Vice President.

I move to elect _____ for the position of Secretary.

I move to elect _____ for the position of Treasurer.



FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023



AGENDA TOPIC: Consideration and possible action regarding subcommittee assignments of current and new MDD Board Members.
DATE: October 11, 2023
PRESENTED BY: Laura Koerner, MDD President

INTRODUCTION/BACKGROUND:

The Fair Oaks Ranch Municipal Development District Board of Directors assigned members to serve on subcommittees to address topics important to the District. The two subcommittees formed are:

- Marketing & Project Opportunities Subcommittee
- Small Scope/Small Dollar Subcommittee

Since the initial appointments in 2022 there have been vacancies/resignations that affected the positions on the subcommittees.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Subcommittees provide a means to gain information which can be reported back to all board members during the Board’s quarterly meetings.

BUDGETARY IMPACT:

No financial or budgetary impact.

LEGAL ANALYSIS:

N/A

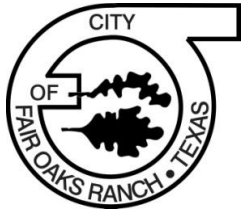
RECOMMENDATION/PROPOSED MOTION:

I move to appoint the following MDD Board Members to the Marketing & Project Opportunities Subcommittee:

- _____
- _____
- _____
- _____

I move to appoint the following MDD Board Members to the Small Scope/Small Dollar Subcommittee:

- _____
- _____
- _____
- _____



**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION AGENDA ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023**



AGENDA TOPIC: Consideration and possible action to approve a resolution reaffirming the Fair Oaks Ranch Municipal Development District’s Investment Policy
DATE: October 11, 2023
PRESENTED BY: Summer Fleming, Investment Officer

INTRODUCTION/BACKGROUND:

Pursuant to Government Code §2256.005, the Municipal Development District’s Board shall adopt, annually, a resolution stating the Investment Policy has been reviewed to ensure the highest return and maximum security of the investments of government funds and to record any changes made thereof.

Currently no changes are recommended to the overall Financial Management Policy. The purpose of this resolution is to comply with Government Code §2256.005 by reaffirming the Investment Policy only.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Complies with Government Code and requirements under the Public Funds Investment Act.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

None

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution reaffirming the Fair Oaks Ranch Municipal Development District’s Investment Policy.

A RESOLUTION

A RESOLUTION OF THE FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT REAFFIRMING THE DISTRICT'S INVESTMENT POLICY FOR THE INVESTMENT OF PUBLIC FUNDS, PROVIDING FOR THE HIGHEST INVESTMENT RETURN, MAXIMUM SECURITY, AND CONFORMING TO ALL STATE AND LOCAL STATUTES GOVERNING THE INVESTMENT OF PUBLIC FUNDS.

WHEREAS, to ensure the highest return, maximum security, and to conform to all state and local statutes governing the investment of public funds, the Fair Oaks Ranch Municipal Development District ("the District") adopted a written Investment Policy ("Policy"); and,

WHEREAS, said Policy is Appendix A of the District's Financial Management Policy; and,

WHEREAS, the District adopted said Policy, with amendments, on January 12, 2022; and,

WHEREAS, pursuant to Government Code §2256.005, the District Board shall adopt annually a resolution stating the District's Investment Policy has been reviewed and to record any changes made thereof.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MUNICIPAL DEVELOPMENT DISTRICT OF THE CITY OF FAIR OAKS RANCH, TEXAS THAT:

- Section 1.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Board.
- Section 2.** The Investment Policy attached hereto as **Exhibit A**, and previously adopted by the Fair Oaks Ranch Municipal Development District, as required by Government Code §2256.005, is reaffirmed as the Investment Policy with no changes.
- Section 3.** That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.
- Section 4.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.
- Section 5.** This resolution is effective upon its passage and approval.

PASSED, APPROVED, and ADOPTED on the 11th day of October 2023.

ATTEST:

Laura Koerner, MDD President

APPROVED AS TO FORM:

, MDD Secretary

Denton Navarro Rocha Bernal & Zech, P.C.,
Attorney

INVESTMENT POLICY

I. Policy

It is the policy of the District to invest funds in a manner which will provide the highest, reasonable investment return with the maximum security of principal while meeting the daily cash flow demands of the District and conforming to all federal, state, and local statutes governing the investment of public funds. It is also the policy of the District that the administration of its funds and the investment of those funds shall be handled as its highest public trust.

The Investment Policy shall be adopted by Resolution as part of the Financial Management Policies. The policy shall be reviewed and adopted by Resolution annually by the Board of Directors.

II. Purpose

The purpose of this policy is to comply with Chapters 2256 and 2257 of the Texas Government Code, which requires the adoption of a written investment policy regarding the investment of funds. The investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the District's funds.

III. Scope

This investment policy applies to all financial assets and funds of the District. Funds are defined in the District's audited Annual Financial Report. Funds are created by the Board unless specifically exempted by the Board and this policy.

IV. General Objectives

The primary objectives, in priority order, of the District's investment activities shall be safety, liquidity, diversification, and yield.

Safety - Safety of the principal is the foremost objective of the District. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Liquidity - The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

Diversification - Diversification of the portfolio will include diversification by maturity and market sector.

Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints and liquidity needs. Market rate of return may be defined as the average yield of the current six-month US Treasury Bill. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Effective cash management is recognized as essential to good fiscal management. Cash Management is defined as the process of managing monies in order to ensure maximum cash availability. The District will effectively collect account receivables, practice prudent investment of its available cash, disburse payments in accordance with invoice terms and manage banking services.

V. Prudence

The standard of prudence to be used by investing officials shall be the "prudent person" rule and shall be applied in the context of managing an overall portfolio. This rule states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and

intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability - Investment officials acting in accordance with this policy and in accord with the Prudent Person Rule shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change is reported in a timely fashion and the appropriate action is taken to control unfavorable developments.

Ethics and Conflicts of Interest - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions that conduct business with the District. An investment official who has a personal business relationship with an organization seeking to sell an investment to the District shall file a statement disclosing that personal business interest. An investment official who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the District shall file a statement disclosing the relationship. A statement required under this subsection must be filed with the Texas Ethics Commission.

VI. Delegation of Authority

The Board of Directors will appoint an Investment Officer. Responsibility for the operation of the investment program is hereby delegated to the Investment Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all investment transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. No person may engage in an investment transaction except as provided under the terms of this policy and established written procedures.

Training - Investment Officials (an Investment Committee made up of the President, Treasurer and Investment Officer) must complete at least 10 hours of investment training within 12 months of taking office or assuming duties, and shall attend a PFIA certified investment training course not less than once in a two year period.

VII. Internal Controls

The Board President is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the valuation of costs and benefits requires estimates and judgments by management.

VIII. Safekeeping and Custody

Authorized Financial Dealers and Institutions - The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment/depository services.

Those firms that request to become qualified bidders for securities transactions must provide one or more of the following as applicable: audited financial statements, proof of National Association of Security Dealers certification, trading resolution, proof of state registrations, certification of having read the entity's investment policy and depository contracts.

Depository Agreement - The District shall follow Section 105 of the Local Government Code when entering into a depository agreement for normal banking services including disbursements, collections, and safekeeping. Other banking institutions from which the District may purchase certificates of deposit will

also be designated as a depository.

Delivery vs Payment - All trades except for investment pools and mutual funds will be executed by delivery vs payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the District's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

IX. Authorized and Suitable Investments

Eligible Investments - Assets of the District may be invested in the following instruments as authorized by the Public Funds Investment Act (Section 2256). Only those instruments listed in this section are authorized and will be used as needed to maintain an appropriate diversified portfolio:

- a. Local Government Investment Pools which meets the requirements of Chapters 2256.016-2256.019 of the Public Funds Act and are rated no lower than AAA or AAA- or an equivalent rating by at least one nationally recognized rating service.
- b. Obligations of the United States or its agencies and instrumentalities.
- c. Certificates of Deposit CDs issued by a depository institution that has its main office or a branch in Texas. The CD must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law.
- d. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or fewer, 3) seek to maintain a net asset value of \$1 per share, and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City may not invest in money market mutual funds in the aggregate more than 80 percent of its monthly average fund balance.

Collateralization - Collateralization will be required on all funds on deposits with a depository bank, other than investments. To anticipate market changes and provide a level of security, the collateralization level will be not less than one hundred two percent (102%) of market value of principal and accrued interest.

X. Investment Parameters

Diversification - See Section IV; General Objectives

Maximum Maturities - To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 13 months from the date of purchase. Reserve funds may be invested in securities up to 2 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

XI. Investment Strategies

The District maintains separate portfolios for individual funds that are managed according to the terms of this Policy. The investment strategy for portfolios established after the annual Investment Policy review and adoption will be managed to ensure that it will meet all the requirements established by the District's investment policy and the Public Funds Investment Act.

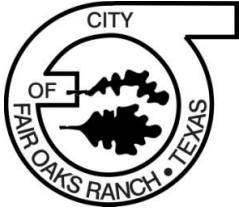
The District's portfolio is maintained to meet anticipated cash needs for operations, capital projects and debt service. In order to ensure the ability to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the investment portfolio shall not exceed one (1) year. The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the

objectives and restrictions set for in this Policy.

XII. Reporting

Methods - As required by Government Code 2256.023, on a quarterly basis, the Investment Officer shall prepare and submit to the Board, a written report of investment transactions that have occurred since the previous report and, the market value of current investments.

Performance Standards - The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, diversification, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Investment Officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.



FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023



AGENDA TOPIC: Consideration and possible action on debt issuance options for the District.
DATE: October 11, 2023
PRESENTED BY: Summer Fleming, MDD Investment Officer

INTRODUCTION/BACKGROUND:

At its regular meeting on July 12, 2023, the Fair Oaks Ranch Municipal Development District (“MDD”) authorized the execution of an Amendment to the Chapter 377 Project Funding Agreement between the MDD and the City for development of a civic center. The amendment increased the awarded grant from \$600,000 to \$1.2 million and extended the expiration date by 1,095 days from the date the amendment was fully executed.

During the discussion of said amendment, the District’s legal representative mentioned Local Government Code Sec. 377.072 (c)(3) which allows the District to pay the costs of operating or maintaining a development project while bonds or other obligations for the planning, acquisition, establishment, development, construction, or renovation are outstanding.

The MDD has the option to issue revenue bonds backed by gross receipts of sales taxes. SAMCO Capital has created an example payment schedule based on similar deals that have sold in the market more recently. Not all MDD sales tax deals are the same and actual bond covenants may be different than what is proposed.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- The use of MDD funds for a civic center represents the use of sales tax proceeds to develop an asset that should provide enduring value to the citizens of Fair Oaks Ranch.
- Issuing debt allows the District to remain in a sound position for cash flows and capacity to consider other projects.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Issuing \$1.2 million in debt for the civic center grant over 20 years at 6% interest would cost the District \$851,400 in interest over the term of the debt. The annual debt payment would be budgeted each year and range from \$99,250 to \$104,500. See **Exhibit A** for full amortization schedule.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

This presentation is for informational purposes only.

Municipal Development District Debt Options

October 11, 2023

Presented by Summer Fleming, MDD Investment Officer

Revenue bonds

- No election required
- Often carry a higher cost of borrowing due to weaker security of the bonds (sales tax revenue versus ad valorem taxes)
- Stricter bond covenants that can make revenue bonds more difficult to issue
- Debt Service Reserve Fund must be created and funded over the course of 60 months in an amount equal to the average annual debt service of the revenue bonds
- Lead time for issuing Revenue Bonds is roughly 60 days, but depends upon complexity of financing arrangement

Relevant parties to debt issuance

Relevant Party	Responsibility
Board of Directors	Officials responsible for setting policy and making decisions in consultation with City Staff and advisors to meet the needs and expectations of the citizens of the City
City Staff	City Manager and Director of Finance responsible for managing the operations of the District and executing the will of the Board
Financial Advisor	<ul style="list-style-type: none"> • Works for the Board and maintains a fiduciary duty to the District and no other party • Creates a plan of finance and serves throughout the year on an as needed consultative basis • Coordinate the issuance of municipal debt
Bond Counsel	<ul style="list-style-type: none"> • Special attorney who works for the District and coordinates all legal documents pertaining to the debt issuance process • Oversees the approval process of Attorney General of the State of Texas approval of debt issuances

Relevant parties to debt issuance

Relevant Party	Responsibility
Underwriter/ Purchaser	Investment bank who purchases the District's debt and sells debt to investors either through a public offering or private placement
Paying Agent/ Registrar	Firm who receives the District's semi-annual debt payment and is responsible for distributing the payment to individual bond holders
Rating Agency	S&P/Moody's/Fitch – Independent rating agency who determines the underlying credit worthiness of the District to create a comparison of the credit worthiness of the District's debt against all other similar credits in the U.S. to be relied upon by bond investors
Bond Insurer	3 rd party firm who provides an insurance policy based upon a one-time premium, paid at closing and wrapped into the financing, to ensure the timely payments of principal and interest on the Bonds in the event the District is unable to make its bond payments. The District's bond interest rate trade at the insurer's underlying credit rating "AA" instead of the District's credit rating (assuming the District receives a credit rating of "AA-" or lower. <i>The need for insurance is determined at pricing based on a breakeven analysis compared to selling without bond insurance.</i>

Questions?

Fair Oaks Ranch Municipal Development District October 6, 2023										
FYE (9/30)	Gross Sales Tax Receipts	Other Revenues	Total Revenues ⁽¹⁾	Operating Expenditures ⁽¹⁾	Available for Debt Service	Limited Sales and Use Tax Revenue Bonds,			Surplus/ (Deficit)	Coverage ⁽³⁾
						Series 2024		Total		
						Principal	Interest ⁽²⁾			
2022	\$ 421,183	\$ 13,855	\$ 435,038	\$ 40,535	\$ 394,503				\$ 394,503	
2023	446,931	-	446,931	41,143	405,788				405,788	4.36X
2024	446,931	-	446,931	41,760	405,171				405,171	4.36X
2025	446,931	-	446,931	42,387	404,544	\$ 35,000	\$ 64,950	\$ 99,950	304,594	4.35X
2026	446,931	-	446,931	43,022	403,909	35,000	68,850	103,850	300,059	4.36X
2027	446,931	-	446,931	43,668	403,263	35,000	66,750	101,750	301,513	4.35X
2028	446,931	-	446,931	44,323	402,608	40,000	64,500	104,500	298,108	4.36X
2029	446,931	-	446,931	44,988	401,943	40,000	62,100	102,100	299,843	4.36X
2030	446,931	-	446,931	45,662	401,269	45,000	59,550	104,550	296,719	4.36X
2031	446,931	-	446,931	46,347	400,584	45,000	56,850	101,850	298,734	4.36X
2032	446,931	-	446,931	47,042	399,889	50,000	54,000	104,000	295,889	4.37X
2033	446,931	-	446,931	47,748	399,183	50,000	51,000	101,000	298,183	4.36X
2034	446,931	-	446,931	48,464	398,467	55,000	47,850	102,850	295,617	4.36X
2035	446,931	-	446,931	49,191	397,740	55,000	44,550	99,550	298,190	4.35X
2036	446,931	-	446,931	49,929	397,002	60,000	41,100	101,100	295,902	4.34X
2037	446,931	-	446,931	50,678	396,253	65,000	37,350	102,350	293,903	4.33X
2038	446,931	-	446,931	51,438	395,493	70,000	33,300	103,300	292,193	4.33X
2039	446,931	-	446,931	52,210	394,721	75,000	28,950	103,950	290,771	4.34X
2040	446,931	-	446,931	52,993	393,938	80,000	24,300	104,300	289,638	4.36X
2041	446,931	-	446,931	53,788	393,143	85,000	19,350	104,350	288,793	4.40X
2042	446,931	-	446,931	54,595	392,336	85,000	14,250	99,250	293,086	4.30X
2043	446,931	-	446,931	55,414	391,517	95,000	8,850	103,850	287,667	
2044	446,931	-	446,931	56,245	390,686	100,000	3,000	103,000	287,686	
Total						\$ 1,200,000	\$ 851,400	\$ 2,051,400	\$ 7,112,549	

⁽¹⁾ 2022 results are based upon audited financials. FYE 2023 results are based upon projected financials provided by the City. Operating expenditures assume a 1.5% annual rate of growth in perpetuity.

⁽²⁾ Preliminary, subject to change. Interest rates calculated at an assumed rate of 6.0% for illustrative purposes only.

⁽³⁾ As described below (Preliminary, subject to change):

Revenue Pledge:	Gross Sales Tax Revenues
Additional Bonds Test:	Gross sales tax revenues of at least 1.20X Average Annual Debt Service for all outstanding debt service.
Debt Service Reserve Funding Requirement:	Average Annual Debt Service.

MDD Mission Statement

The Mission of the Fair Oaks Municipal Development District is to approve funding for economic development, retention and improvement of the District, and for the improvement of short and long term property values.

What is the MDD?

The Municipal Development District is a Fair Oaks Ranch taxing entity that was established in 2011 with the purpose of providing a stimulus of economic growth within the City of Fair Oaks Ranch. The citizens of Fair Oaks Ranch approved a .5 cent tax to be added to the municipal sales tax as a funding source. The funds collected are to be used to help fund projects, commercial, civic and governmental, that will provide for economic, social, and civic growth while ensuring or increasing property values.

Who can use the MDD funds?

Commercial entities, civic organizations, governmental organizations and not for profit entities can apply for funding of projects that are qualified and meet standards that will provide economic growth, improve the quality of life for residents of Fair Oaks Ranch or offer social and/or safety benefits to the city and its residents. Funds are intended to be accessed by constituents of the City of Fair Oaks Ranch and its ETJ.

How does funding get approved?

Applicants will submit a formal application for consideration to the MDD that provides what the project would entail the expected benefits to the community, a business plan, funding provided by the applicant, proposed use of funds requested and timing of the proposed project. The MDD will evaluate requests to determine if the project meets the published State and Local standards^ for project funding. Funding from the MDD can be partial or up to matching depending on the business case and application request. The MDD board will make the final decision on the request and will authorize the amount of funding.

What types of projects will be considered?

As stated, commercial, civic, safety, or municipal projects will be considered*. Projects can range from, Municipal infrastructure projects, small civic projects proposed by: e.g. scouting groups, FFA, 4H and the like, to commercial businesses seeking funding for remodeling and enhancing current facilities. Examples: an Eagle Scout project to provide a safety improvement to a park, a small business would like to improve signage that improves the appearance of the business, a potential business owner would like to renovate a space to meet city codes, a road construction would resolve an entrance problem for a business, a new business wishes to build a structure. These are examples but do not limit the types of projects for which individuals or groups can apply for funding assistance.

What will not be considered?

Funding request for a commercial project that does not have committed funding from a financial or private investor, funding requests for projects outside of the City of Fair Oaks, funding requests that do not contribute to social norms, funding requests that do not meet City/ETJ ordinances, funding requests for private residences, or funding requests deemed detrimental to the life style of the community.

How do I start?

A Business Plan should be developed providing what the project will do, how it will be implemented, who will be responsible, what benefits it will provide, timing for completion, funding the applicant has secured, and funding requested from MDD. The funding from MDD will be provided upon completion of the project.

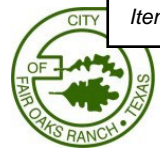
An application should be completed and accompany the Business Plan. The form can be found on the MDD website. Funding sources should be documented and will be verified prior to any decision to fund by the MDD Board. A meeting with the board will be required for the requestor to present the project and discuss the business plan.

[*Appendix A – MDD Eligible Project Category List](#)

[*Appendix B – Project Application and Evaluation Guidelines](#)



Fair Oaks Ranch Municipal Development District Grant Funding Application



Item #13.

Applicant Name: _____ Business Name _____

Contact Information: Name _____ Title _____

Mailing Address _____

Telephone Primary _____ Secondary _____ Email _____

Business Email: _____ Website _____

Address of Project: _____

Mailing Address: _____

Applicant Tax ID# _____

Property Owner: _____

Telephone _____ Email _____

List of Partners/Principals of the Business (attach if necessary) require on 1st entry only

Name	Title	Contact #	Ownership%	Email

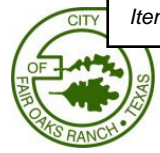
Project Type: (Select One)

Municipal Commercial Civic Organization Business Other _____

Applicant's relevant experience for the project for funding of project requested:



Fair Oaks Ranch Municipal Development District Grant Funding Application



Item #13.

Applicant Funding Source

Bank or Financial institution providing Funding _____

Contact Name: _____ Title _____

Address _____ Telephone _____

Email _____ Website _____

Overall Project Cost \$ _____ Has Applicant received economic assistance before?

If yes, When, Where, and from What Source?

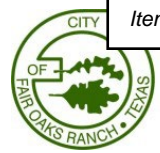
Project Information: Describe what the project entails, Facade, Building, Remodel, Landscape, etc.

Project Title:

Project Objective:



Fair Oaks Ranch Municipal Development District Grant Funding Application



Item #13.

Expected Benefits:

MDD Funds Requested: \$ _____ Estimated Total Cost of the Project: _____

(Note: Contractors detailed cost estimate must be attached)

Name of Contractor or Construction Manager: _____

Company Name: _____

Address: _____

Primary Telephone _____ Mobile _____

Email address _____ Website _____

Applicants Architect: _____

Primary Telephone _____ Mobile _____

Email Address _____

(Note: Blueprints or Rendering must be attached)

Estimated Date of Project Commencement: _____ and Completion: _____

*****Percentage of the project cost funded will be determined by the MDD Board of Directors.*****

Required Documents to be attached:

1. Applicable Building Permits and Zoning Board approval.
2. Contractors detailed cost estimate on Contractors letterhead
3. Project Budget breakdown of all anticipated expenses
4. Plan for post construction upkeep and sustainable ongoing operations
5. Letter from Property owner if applicant is a tenant authorizing project
6. Photographs of project location and existing structure
7. Detailed project plan and timeline for major milestones
8. FORHA and Unit HOA Restriction Committee Approvals (if applicable)

Applicant's Signature _____ Date _____

Appendix A

MDD Eligible Project Category List

Category Name	Category Description
Façade Improvement Program	Matching funds reimbursement to incentivize façade improvements to bring existing qualified store fronts up to FOR form-based zoning standards
Infrastructure Projects	<ul style="list-style-type: none">• Contributions in aid of construction for utility infrastructure as an incentive for qualified commercial or mixed-use development projects, or• Reimbursements for costs incurred on projects or initiatives that enable or promote business development
Civic Venues & Related Improvements	Reimbursement for construction or remodeling costs as an incentive for qualified civic venue projects
Recreation & Community Projects	<ul style="list-style-type: none">• Contributions in aid of construction for qualified recreational facility projects, or• Reimbursements for costs incurred on qualified projects or initiatives that enable pedestrian and bicycle mobility by means of a contiguous park & trail system

DRAFT

Appendix B

Project Application and Evaluation Guidelines

1. Project Application Guidelines

1.1. Project Scoring Dimensions

For each proposed project, information & documentation should be collected and analyzed to gain satisfaction that the project is eligible for funding based on reasonably satisfying the requirements under each of the following dimensions:

- Compliance: MDD statutory constraints; City ordinances & codes
- Fit to FOR MDD mission, goals & objectives
- Economic and/or quality of life benefits: extent & duration
- Project quality: counterparty qualifications, project delivery risk and ongoing operations risk

1.2. Application Submittals

The required information & documentation may be satisfied via the following means:

- The required type and extent of information required may be submitted using an application form provided by the MDD or a grant proposal submitted by the applicant.
- Additional information required to assess an application may be requested from the applicant via a direct request from the designated MDD representative.
- Additional information required to make a final decision could be requested via a direct request from the MDD Board to the applicant.

1.3. Applicant Contact & Background Information

- Names and contact information for the natural person and/or entities that will have primary responsibility for delivery of the project and outcomes/ongoing benefits.
- If applicant is an entity, names and contact information for all principals who will have a significant role in the project.
- Legal form of entity
- Primary area of business activity
- Single point of contact for communication regarding application
- Resume: Applicant experience relevant to ability and capacity to deliver on project commitments

1.4. Project Contact Information

- Project site physical address
- Name of owner of project site property
- Site Owner's physical mail address, telephone number and email address

1.5. Project Summary Information

- Project Title
- Project Executive Summary (Template provided by MDD):
 - Executive outline of project objectives, desired outcomes & community benefits, including economic impact
 - Total project cost
 - Grant request
 - Other sources of financing
 - Target commencement date
 - Target completion date

1.6. Application Documents (provided at Applicant's discretion or requested by MDD based on project category & scope)

- Property owner acknowledgment & consent
- Detailed project work plan & timeline
- Project budget
- Plan for post-construction upkeep and ongoing operations of asset
- Design drawings
- Contractors & subcontractors
- Material specifications
- City zoning & permits documentation, as applicable
- Detailed information relating to project objectives, outcomes & community benefits (optional at Applicant's discretion)

1.7. Conditions & Acknowledgements

- One grant at a time per applicant/property owner.
- Grant acceptance is at MDD discretion.
- Grant is based on availability of funds within the MDD budget.
- Grant is subject to acceptance of MDD Terms & Conditions.
- Grantee is obligated to fulfill commitments of project objectives & benefits.

2. Project Evaluation Guidelines

2.1. Due Diligence Evaluation Criteria

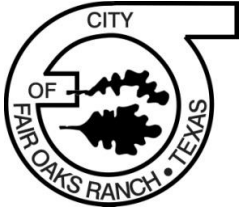
For each proposed project, sufficient and competent information should be collected and analyzed to allow the Board to determine that the project reasonably meets the Board's standards for granting funds to a project. For all proposed projects, the following dimensions will be evaluated:

- **COMPLIANCE**
- **FIT**
- **BENEFITS** - Economic and/or quality of life benefits: extent & duration
- **RISK** - Project quality: counterparty qualifications, project delivery risk and ongoing operations risk

2.2. Evaluation Methodology

All project proposals will be assessed as follows:

- The President of the Board may choose to establish a subcommittee to perform the evaluation.
- If a subcommittee is used to perform the evaluation, the subcommittee will provide a report and recommendation to the Board for consideration and possible action.
- The project evaluation represents one aspect of the Board's considerations in making a grant award decision.
- COMPLIANCE will be evaluated based on the eligibility of project in accordance with Eligible Project Category List (Appendix A).
- Information provided by the applicant will be evaluated to determine FIT, BENEFITS, and RISK.
- FIT will be evaluated based on conformance with the MDD mission goals and objectives.
- BENEFITS will be evaluated for economic and/or quality of life benefits, including extent and duration of the benefits to Fair Oaks Ranch.
- RISK will be evaluated for project quality considering counterparty qualifications, project delivery risks and ongoing operations risks.
- The desired outcome of the Boards deliberation will be to arrive at a decision that a project qualifies or does not qualify for funding based on COMPLIANCE, FIT, BENEFITS and RISK.
- The decision to approve project grant funding and funding amount is at the discretion of the Board.
- The decision regarding the availability and source of funds for a proposed project is at the discretion of the Board



**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
October 11, 2023**



AGENDA TOPIC: Consideration and possible action regarding upcoming Regular MDD Board Meeting Dates
DATE: October 11, 2023
PRESENTED BY: Laura Koerner, MDD President

INTRODUCTION/BACKGROUND:

MDD Rules of Procedure require a minimum of two meetings each fiscal year (Article II, Section 3). This item exceeds the requirement and proposes to continue conducting quarterly regular meetings. Special meetings will be called as needed. All meetings (regular or special) are open and announced in accordance with the Texas Open Meetings Act.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The purpose of this action is to set a known MDD regular meeting date each quarter in the months of January 2024, April 2024, July 2024, and October 2024. This provides a better planning cycle for citizens, board members, and staff. Special meetings may be called between quarterly meetings as required.

BUDGETARY IMPACT:

Attorney fees will be slightly increased due to the quarterly meeting frequency. However, the increased meeting frequency will benefit in reducing the length of each meeting, resulting in minimum budgetary impact.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move that the Board set the following dates for their known quarterly MDD regular meetings:

- January __, 2024 at _____.
- April __, 2024 at _____.
- July __, 2024 at _____.
- October __, 2024 at _____.