



CITY OF FAIR OAKS RANCH

MUNICIPAL DEVELOPMENT DISTRICT MEETING

Wednesday, July 10, 2024 at 4:00 PM

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

AGENDA

Amended to remove a Report Item included in the agenda erroneously.

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.

CONSENT AGENDA

4. Approval of the April 10, 2024 Regular MDD Board meeting minutes.

Keith Rhoden, MDD Secretary

REPORTS

5. Quarterly Financial and Investment Report for the Quarter Ended June 30, 2024.

Summer Fleming, MDD Investment Officer

6. Fair Oaks Ranch Community Center project status update.

Grant Watanabe, P.E., Director of Public Works and Engineering Services

CONSIDERATION / ACTION ITEMS

7. Consideration and possible action to approve the FY 2024-25 MDD Budget.

Mike Lovelace, CPA, CMA, CISA, MDD Treasurer
Summer Fleming, MDD Investment Officer

8. Discussion, consideration, and possible action on MDD policies, rules, procedures, document reviews, and committees.

Laura Koerner, MDD President

9. Marketing and Project Opportunities Subcommittee Report.

Nicholas DiCianni, Marketing and Project Opportunities Subcommittee Chair

ADJOURNMENT

Next quarterly meeting: October 09, 2024 AT 4:00 PM.

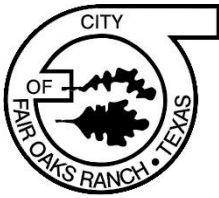
Signature of Agenda Approval: s/ Laura Koerner

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, July 7, 2024 and remained so posted continuously for at least 72 hours before said meeting was convened. A quorum of City Council and various boards, committees, and commissions may attend the Municipal Development District board meeting.

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, April 10, 2024 at 4:00 PM

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

MINUTES

OPEN MEETING

1. Roll Call - Declaration of a Quorum.

Present: President Laura Koerner, Treasurer Mike Lovelace, Steven Robertson
Keith Rhoden, David Fairhurst, and Ruben Olvera

Absent Vice President Nicholas DiCianni

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 January 10, 2024 Regular MDD Board meeting minutes.

5. Approval of the March 27, 2024 Special MDD Board meeting minutes.

The consent agenda was approved by consensus.

REPORTS

6. Quarterly Financial & Investment Report - Q2 FY2024.

Summer Fleming, MDD Investment Officer, provided to the Board, the Quarterly Financial & Investment Report for Q2 FY2024 inclusive of answering questions and receiving feedback from the Board on the reports format.

CONSIDERATION / ACTION ITEMS

7. Discussion, consideration, and possible action on amendments to the existing Fair Oaks Ranch Municipal Development District Policy for Evaluation of Development Projects.

MOTION Made by Steven Roberston and seconded by Laura Korner, to amend Appendix A of the Fair Oaks Ranch Municipal Development District Policy for Evaluation of Development Projects by changing the Title to MDD Eligible Project Category and replacing the table with “The MDD will consider development projects as defined in Local Government Code Chapter 377 and Chapters 505.151-158” and directing staff to make administrative changes to the policy and correcting references to Appendix A as needed.

VOTE: 6-0; Motion Passed.

8. Discussion, consideration, and possible action on the MDD Funding Application from Leon Springs Fire Department.

MDD President, Laura Koerner and MDD Board Member, David Fairhurst, recused themselves from the item due to a conflict of interest. Board Member, Steven Robertson, led the discussion.

MOTION Made by Steven Roberston and seconded by Laura Korner, to approve the MDD Funding Application from Leon Springs Fire Department for a 1,000-gallon mobile tank for an amount not to exceed \$12,333.75.

VOTE: 2-2; Motion Failed. Keith Rhoden and Mike Lovelace voted Nay.

9. Discussion, consideration, and possible action on recommendations from the Small Scope / Small Dollar Subcommittee.

The Committee will write a policy, inclusive of a budget, for consideration by the Board at a future meeting. No action was taken.

10. Discussion, consideration, and possible action on MDD policies, rules, procedures, document reviews, and committees.

The Board discussed the policies, who owned the review of each document, and planned to review policies at a future meeting. A modified proposed schedule is attached as *Exhibit A*.

ADJOURNMENT

President Koerner adjourned the meeting at 5:48 PM.

ATTEST:

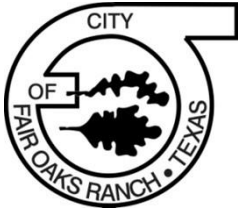
Laura Koerner, MDD President

Keith Rhoden, MDD Secretary

Fair Oaks Ranch Municipal Development District Document Review Tracking Log

Document	Owner	Date Adopted	Review Cycle	Last Reviewed, Amended, or Reaffirmed	Next Scheduled or Required Review	Status / Notes
<i>Name of policy</i>	<i>Board member responsible for the policy</i>	<i>Date first adopted</i>	<i>As stipulated in policy, or default (biannually)</i>	<i>Date last reviewed, updated, reaffirmed</i>	<i>Date of next required review</i>	
Financial Management Policy	Treasurer	November 2013 (by resolution)	Every 2 years (stated in policy)	<ul style="list-style-type: none"> October 2022 (amended by vote) April 2022 (last amended by Resolution) 	October 2024	Requires Resolution
Investment Policy	Treasurer	November 2013 (by resolution)	Annually confirmed by resolution (per Financial Management Policy)	<ul style="list-style-type: none"> October 2022 (by vote) ²⁰²³ 2022 <i>resolution</i> April 2022 (last amended by Resolution) 	October 2023 <i>October 2024</i> <i>2024</i>	<ul style="list-style-type: none"> Overdue for formal review / affirmation <p style="text-align: right;"><i>Not by resolution July</i></p>
Evaluation of Development Projects	Treasurer	November 2017 (by resolution)	Every 2 years (stated in policy)	<ul style="list-style-type: none"> July 2023 (reaffirmed by Resolution) <i>April 2024</i> 	July 2025 April 2026 <i>October 2024</i>	<ul style="list-style-type: none"> Minor revision scheduled April 2024 Considering full review July-October 2024
Rules of Procedure (replaced By-Laws)	Board President	October 2021 (by vote)	Every 2 years (default)	-	October 2023	Overdue for full review
Interlocal Agreement between MDD and City of Fair Oaks Ranch	Board President	October 2021 (by vote)	Every 2 years (default)	-	October 2023	Overdue for full review
Policy Review Procedure	Secretary	October 2021 (by vote)	Every 2 years (default)	-	October 2023	Overdue for full review

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renews



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



AGENDA TOPIC: Quarterly Financial & Investment Report – Q3 FY2024
 DATE: July 10, 2024
 Department: Finance
 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 Q3 FY2024 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.

BUDGETARY IMPACT:

The District has collected \$302,109 in sales taxes through the month of April and has accrued \$78,000 in sales taxes for the months of May and June. Additionally, the District earned \$40,072 in interest this quarter and \$115,510 this fiscal year-to-date.

Expenditures year to date total \$37,666 for the annual management fee, audit and legal fees. Based on year-to-date revenues, the District is projected to add \$613,000 to fund balance.

Investments are currently held in two local government investment pools with a combined balance of almost \$3.1 million as of June 30, 2024.

Fair Oaks Ranch
Municipal Development District
Quarterly Financial & Investment Report

For the Quarter Ended
June 30, 2024

Prepared by:
Summer Fleming, MDD Investment Officer

Fair Oaks Ranch Municipal Development District
 Statement of Revenues and Expenditures
 For the Nine Months Ended June 30, 2024

	<u>Budget</u>	<u>Projection</u>	<u>YTD Actual</u>	<u>Actual vs Budget</u>	<u>Percent of Budget</u>
Beginning Fund Balance	2,671,885	2,701,087	2,701,087		
Revenues					
Local Sales Tax	450,000	500,000	380,109	(69,891)	84.47%
Interest	83,000	155,000	115,510	32,510	139.17%
Total Revenue	<u>533,000</u>	<u>655,000</u>	<u>495,619</u>	<u>(37,381)</u>	<u>92.99%</u>
Expenditures					
Supplies	250	250	-	250	0.00%
Training/Seminars	250	250	-	250	0.00%
Attorney	3,500	3,500	2,709	791	77.40%
Auditor	4,550	4,500	4,500	50	98.90%
Professional Services	33,450	33,450	30,407	3,043	90.90%
Insurance	50	50	50	-	100.00%
Total Expenditures	<u>42,050</u>	<u>42,000</u>	<u>37,666</u>	<u>4,384</u>	<u>89.57%</u>
Revenues over/(under) expenditures	490,950	613,000	457,953	(32,997)	93.28%
Ending Fund Balance	3,162,835	3,314,087	3,159,040	(32,997)	99.88%

Fair Oaks Ranch Municipal Development District
 Investment Report
 For the Quarter Ended June 30, 2024

Description	Beginning Balance	Ending Balance	Market Value	QTD Interest	Fiscal YTD Interest	Avg Yield	Weighted Avg Maturity
Frost Bank	64,335	63,070	63,070	638	2,081	0.22%	N/A
TexPool	728,551	866,858	866,858	10,602	26,603	5.31%	40 Days
Texas Class	2,122,280	2,151,112	2,151,112	28,832	86,826	5.43%	80 Days
Total	2,915,165	3,081,040	3,081,040	40,072	115,510		

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
Sep-23	5.21%	5.25%	5.44%	5.45%	5.52%	5.12%	4.93%
Dec-23	5.40%	5.36%	5.57%	5.44%	5.46%	4.81%	4.93%
Mar-24	5.40%	5.33%	5.57%	5.37%	5.34%	4.59%	4.73%
Jun-24	5.29%	5.31%	5.43%	5.36%	5.32%	4.63%	4.73%
Year Average	5.33%	5.31%	5.50%	5.41%	5.41%	4.79%	4.83%

Trends and Future Outlook

- The Federal Reserve left the federal funds rate steady at 5.25%-5.5% for a seventh consecutive meeting in June 2024, in line with forecasts. Policymakers do not expect it will be appropriate to reduce rates until there is greater confidence that inflation is moving toward 2%.



City of Fair Oaks Ranch Community Center Update

July 10, 2024

Grant Watanabe, P.E.

Director of Public Works and Engineering Services



Building Perspectives



3 NORTH ENTRANCE VIEW



2 SOUTH ENTRANCE VIEW



4 NORTHEAST VIEW



1 EAST TERRACE



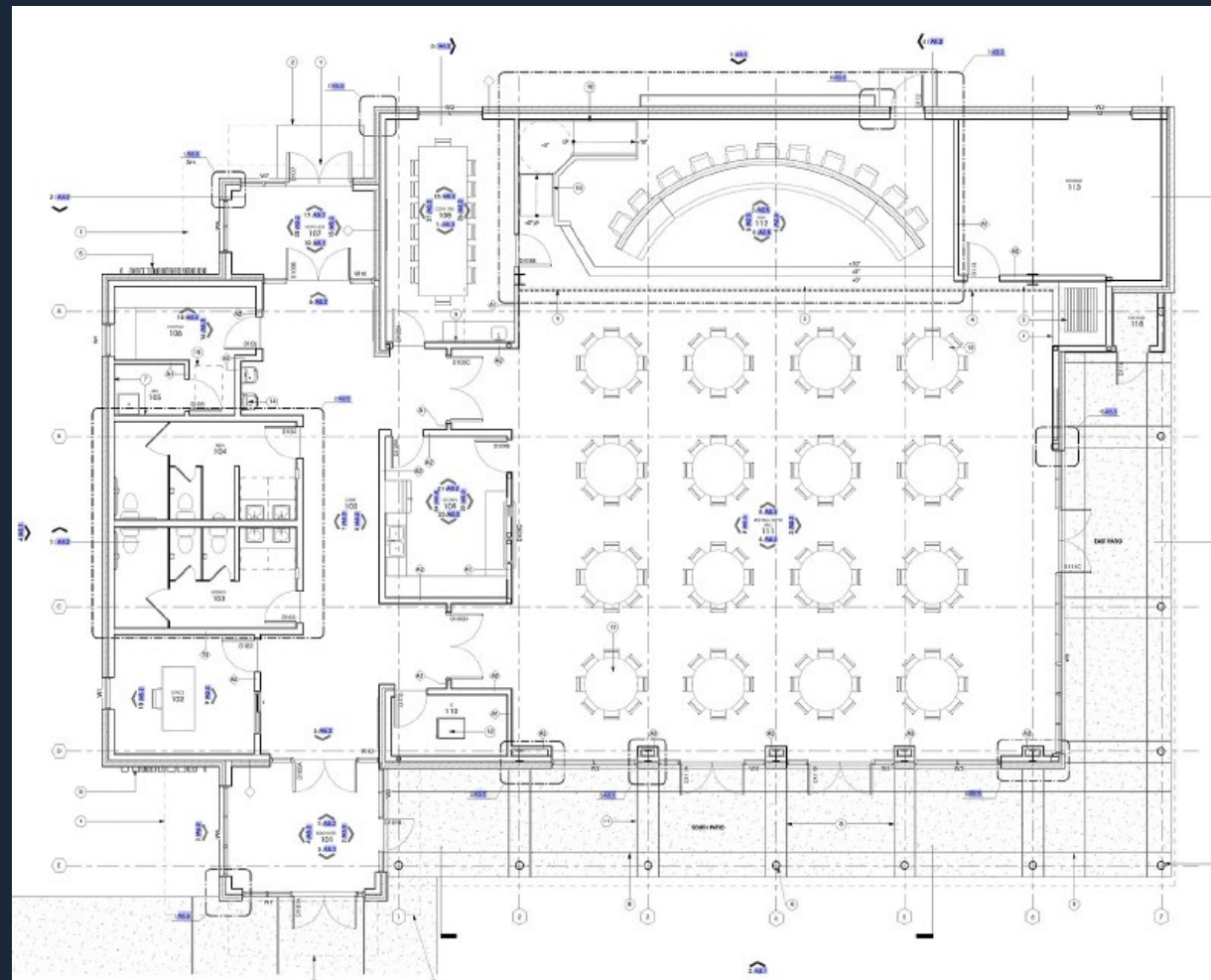
Site Plan





Floor Plan

- Lobby
- Public Restrooms
- Office
- Warming Kitchen
- General Storage
- Table and Chair Storage
- Flexible Meeting & Event Space
- Dias and Conference Room
- Outdoor Sitting Area





Schedule

June 2023	Contract for architectural services awarded
Sept. 2023	Intended uses and functional areas defined
Feb. 2024	Townhall meeting and survey
April 2024	Exterior roof option (Gable) selected
Oct. 2024	Construction plans & specs complete
Nov. 2024	Bid advertisement
Dec. 2024	Contract award
Feb. 2025	Construction start
Jan. 2026	Substantial completion
Feb. 2026	Building outfitting and FF&E install

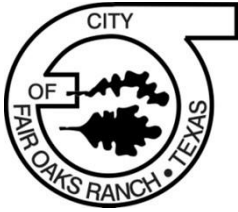


Project Cost Estimate

Design Services:	\$ 299,441
Building & Site Development (5,331 SF @ \$425/SF):	\$2,256,675
<u>Furniture, Fixtures & Equipment (FF&E):</u>	<u>\$ 250,000</u>
Total:	\$2,806,116



Questions?



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



AGENDA TOPIC: Consideration and possible action to approve the FY 2024-25 MDD Budget

DATE: July 10, 2024

Department: MDD Board of Directors

PRESENTED BY: Mike Lovelace, CPA, CMA, CISA, Fair Oaks Ranch MDD Treasurer
Summer Fleming, MDD Investment Officer

INTRODUCTION/BACKGROUND:

MDD Rules of Procedure (Article IV, Section 1) require the MDD Board of Directors approve the next budget by July 15 and that the City Council approve the budget by September 30 for the upcoming fiscal year.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The FY 2024-25 Proposed Budget provides a summary of all MDD expected revenues and proposed expenditures for the upcoming fiscal year. After considering historical sales tax collections and future market outlook, the proposed budget includes a 4% increase to local sales tax revenues and a decrease to interest earnings with the anticipation of rates dropping in the early part of 2025.

The proposed operating expenditures budget remains steady except for a 5% increase in audit fees and an increase for biennial PFIA training required for the District's Investment Officer and Treasurer. Additionally, the proposed budget includes \$25,000 in Grant Awards for small grant applications that may be approved throughout the fiscal year. Per the Financial Management Policy budget amendments must be approved by City Council, and budgeting for small grant awards would allow for grant applications to be approved through the grant process and funded up to the budgeted amount without requiring a budget amendment.

The proposed budget includes \$604,000 in revenues, \$67,475 in expenditures, and a projected ending fund balance of \$3.83 million. The projected fund balance maintains a committed balance of \$1.2 million for a grant agreement with the City; however, pending a grant extension or amendment, this amount may change. Accordingly, the change would affect the assigned fund balance as well.

LONG TERM FINANCIAL & BUDGETARY IMPACT:

The proposed budget will add \$536,525 to fund balance assigned for future capital projects.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to approve the MDD FY2024-26 Budget as presented.

**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
PROPOSED BUDGET
FISCAL YEAR 2024-2025**

	<u>FY 21-22 ACTUAL</u>	<u>FY 22-23 ACTUAL</u>	<u>FY 23-24 BUDGETED</u>	<u>FY 23-24 PROJECTED</u>	<u>FY 24-25 PROPOSED BUDGET</u>
Beginning Fund Balance	\$ 1,781,432	\$ 2,175,935	\$ 2,701,087	\$ 2,701,087	\$ 3,294,087
<u>Revenues</u>					
Local Sales Tax	421,183	453,884	450,000	485,000	504,000
Interest	13,855	109,462	83,000	150,000	100,000
Total Revenue	435,038	563,347	533,000	635,000	604,000
<u>Expenditures</u>					
Supplies	-	-	250	250	250
Training/Seminars	-	470	250	250	500
Attorney	3,967	2,417	3,500	3,500	3,500
Auditor	4,100	4,300	4,550	4,500	4,725
Professional Services	32,418	30,958	33,450	33,450	33,450
Insurance	50	50	50	50	50
Grant Awards	-	-	-	-	25,000
Total Expenditures	40,535	38,195	42,050	42,000	67,475
Revenues over/(under) expenditures	394,503	525,152	490,950	593,000	536,525
Ending Fund Balance	\$ 2,175,935	\$ 2,701,087	\$ 3,192,037	\$ 3,294,087	\$ 3,830,612

FUND BALANCE DETAIL

	<u>9/30/2022 FINAL BALANCE</u>	<u>9/30/2023 FINAL BALANCE</u>	<u>9/30/2024 BUDGETED BALANCE</u>	<u>9/30/2024 PROJECTED BALANCE</u>	<u>9/30/2025 PROJECTED BALANCE</u>
COMMITTED	\$ 600,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
ASSIGNED	1,475,935	1,451,087	1,942,037	2,044,087	2,580,612
UNASSIGNED	100,000	50,000	50,000	50,000	50,000
TOTAL FUND BALANCE	\$ 2,175,935	\$ 2,701,087	\$ 3,192,037	\$ 3,294,087	\$ 3,830,612