CITY OF FAIR OAKS RANCH

MUNICIPAL DEVELOPMENT DISTRICT MEETING

Wednesday, July 14, 2021 at 4:00 PM
City Hall Council Chambers, 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 of the Council Chambers. 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 14, 2021 Regular MDD Board meeting minutes.

Roy E. Elizondo, MDD Secretary

CONSIDERATION / ACTION ITEMS

5. Consideration and possible action approving the new depiction of the existing Fair Oaks Ranch MDD boundary map to include a legend showing where the sales tax is collected.

Amanda Valdez, Deputy City Secretary

6. Consideration and possible action to document and adopt a process for the periodic review and reaffirmation of Fair Oaks Ranch Municipal Development District policies.

Roy E. Elizondo, MDD Secretary

7. Consideration and possible action to approve the FY 21-22 MDD Budget.

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

8. Consideration and possible action to sign a Professional Services Agreement for Auditing Services with Avenu Insights & Analytics, LLC.

Clayton Hoelscher, Procurement Manager

REPORTS

9. Update on the Civic Center.

Tobin E. Maples, AICP, City Manager

10. Quarterly FInancial & Investment Report - Q2 2021.

Summer Fleming, MDD Investment Officer

11. Update on MDD Terms of Service.

Laura Koerner, MDD Vice President

ADJOURNMENT

Next MDD Regular Board Meeting; October 13, 2021.

Signature of Agenda Approval: s/ Al McDavid

Al McDavid

I, Amanda Valdez, 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 11, 2021 and remained so posted continuously for at least 72 hours before said meeting was convened.

The Fair Oaks Ranch City Hall is wheelchair accessible at the side 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
Regular Meeting Minutes
Wednesday, April 14, 2021 at 4:00 PM
Videoconference Meeting
7286 Dietz Elkhorn, Fair Oaks Ranch, TX 78015

Roll Call - Declaration of a Quorum

Members Present: Al McDavid, Laura Koerner, Mike Lovelace, Roy Elizondo, Nick DiCianni, and Rene Gallegos

Absent: Brad Dutton.

With a quorum present the Municipal Development District Board meeting was called to order at 4:01 PM.

Guest Comments / Presentations

1. No guests spoke.

Presentations

2. **Introduction of the new Board Member representing FORHA, Rene Gallegos**

President McDavid welcomed Mr. Gallegos to the Board and invited him to introduce himself. Mr. Gallegos provided the Board with his background and told the Board that he looked forward to the opportunity to serve.

Consent Agenda

3. **Approval of the January 13, 2021 Regular MDD Board meeting minutes.**

MOTION: Made by Roy Elizondo, seconded by Laura Koerner to approve the consent agenda.

VOTE: 6-0; Motion Passed.

Consideration/Action Items

4. **Consideration and possible action to approve the MDD Audit Report (FY 2019-20).**

Michael Del Toro, Partner of ABIP presented the results of the Fiscal Year 2019-20 audit. The audit resulted in an unmodified opinion, which Mr. Del Toro indicated was the highest level of assurance that can be provided from an audit. At Member Elizondo's request, Mr. Del Toro explained the relationship of the MDD financials to the City as that of a component unit because the MDD was established by the City, the City Council appoints board members and approves the district's budget.

MOTION: Made by Nick DiCianni, seconded by Mike Lovelace to approve the MDD's 2019-2020 Audit Report.

VOTE: 6-0; Motion Passed.

5. **Consideration and possible action regarding changes to the MDD Bylaws.**

Secretary Elizondo went through the proposed changes with the Board. The Board agreed that Article I, Section 1.C. adequately defines the terms of Board Members. The Board agreed to the new language in Article II. Section 2. Regarding unexpired terms. The Board agreed to the added language in Article II. Section 4 regarding establishing a quorum as a majority of non-vacant positions. The Board agreed that in Article III. Section 1., that language regarding combining the Treasurer and Secretary roles should be struck. The Board agreed that in Article III. Section 1., language should be added to describe the annual appointment of Board officers. The Board agreed that in Article III. Section 5., to add language clarifying the Treasurer's responsibilities for financial reporting. The Board agreed that, per the MDD Attorney's recommendation, the name of the document be changed from bylaws to Rules of Operation to be consistent with generally accepted practice for taxing authorities, and further agreed that Secretary / Council Member Elizondo would sponsor a change to the reference to bylaws in the relevant City Ordinance to ensure consistency. The Board agreed that Secretary Elizondo will update the document and bring back for consideration and possible action at the Board's July 2021 meeting.

MOTION: No motion taken.

VOTE: No vote taken.

7. **Discussion on the impact of city annexations on the MDD sales tax assessment and collection boundaries.**

The MDD Attorney provided information about the definition of the District's boundaries and the District's authority to collect sales tax within its boundaries. During this discussion it was clarified that: 1) the District's boundaries do not need to be modified as a result of the annexations is 2017; and 2) there are areas within the District's boundaries where the District does no collect sales tax because the State maximum was already allocated at the time the District was established. The Board requested that City staff update the District map to clarify the District Boundaries and status of Sales tax allocations to the District.

6. **Consideration and possible action regarding the appointment of Summer Fleming, City of Fair Oaks Ranch Accounting Manager, as the Investment Officer for the MDD.**

Ms. Buckelew presented the case for designating Summer Fleming, Accounting Manager for City of Fair Oaks Ranch, as the Investment Officer for the MDD.

MOTION: Made by Roy Elizondo, seconded by Mike Lovelace to approve the appointment of Summer Fleming as investment officer for the Fair Oaks Ranch Municipal Development District.

VOTE: 6-0; Motion Passed.

Reports

8. **Update on the Civic Center.**

Carole Vanzant, Assistant City Manager, provided an update on the status of the civic center as provided for in the memorandum of understanding between the City of Fair Oaks Ranch and

the MDD. Bid packages have been distributed and are due back on April 23, 2021. The current target date for Council approval of award of contract is May 6, 2021. Ms. Van Zandt also informed the Board that high escalations in materials costs is a risk that is being tracked.

9. **Quarterly Financial and Investment Report – Q1 2021.**

Summer Fleming, the MDD Finance Officer, presented to the MDD Board the Q1 2021 Quarterly Financial and Investment Reports. No action taken.

Adjournment

President McDavid informed the attendees for items for future agendas. The following items were listed: 1) Consideration and possible action on MDD FY2021-22 Budget; 2) Consideration and possible action on MDD Policy updates; 3) Consideration and possible action to adopt updates to the MDD Bylaws (Rules of Operation); 4) Report on Updated MDD Map; 5) Report on Sales Tax Revenue Long-Term Forecast.

The next MDD Board Regular Meeting is planned for July 14, 2021, at 4:00pm.

Al McDavid adjourned the meeting at 5:35pm.

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Al McDavid, President

ATTEST

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Roy Elizondo, Secretary

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC:	Consideration and possible action approving the new depiction of the existing Fair Oaks Ranch MDD boundary map to include a legend showing where the sales tax is collected.
DATE:	July 14, 2021
PRESENTED BY:	Amanda Valdez, Deputy City Secretary

INTRODUCTION/BACKGROUND:

In 2011, Ordinance 2011-01 established the Fair Oaks Ranch Municipal Development District's boundary lines. Since that time, though the boundary lines have not changed, the properties located within the MDD taxable areas have changed due to annexations. At the April 14, 2021, MDD meeting there was a discussion and request from the board to update the legend on the map to identify MDD taxable areas.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- The purpose of this item is to provide to the board an overview of the history of the MDD sales tax areas.
- To provide accurate tax rate information to current and future businesses.
- Legend directs viewer to the MDD taxable areas of the City.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

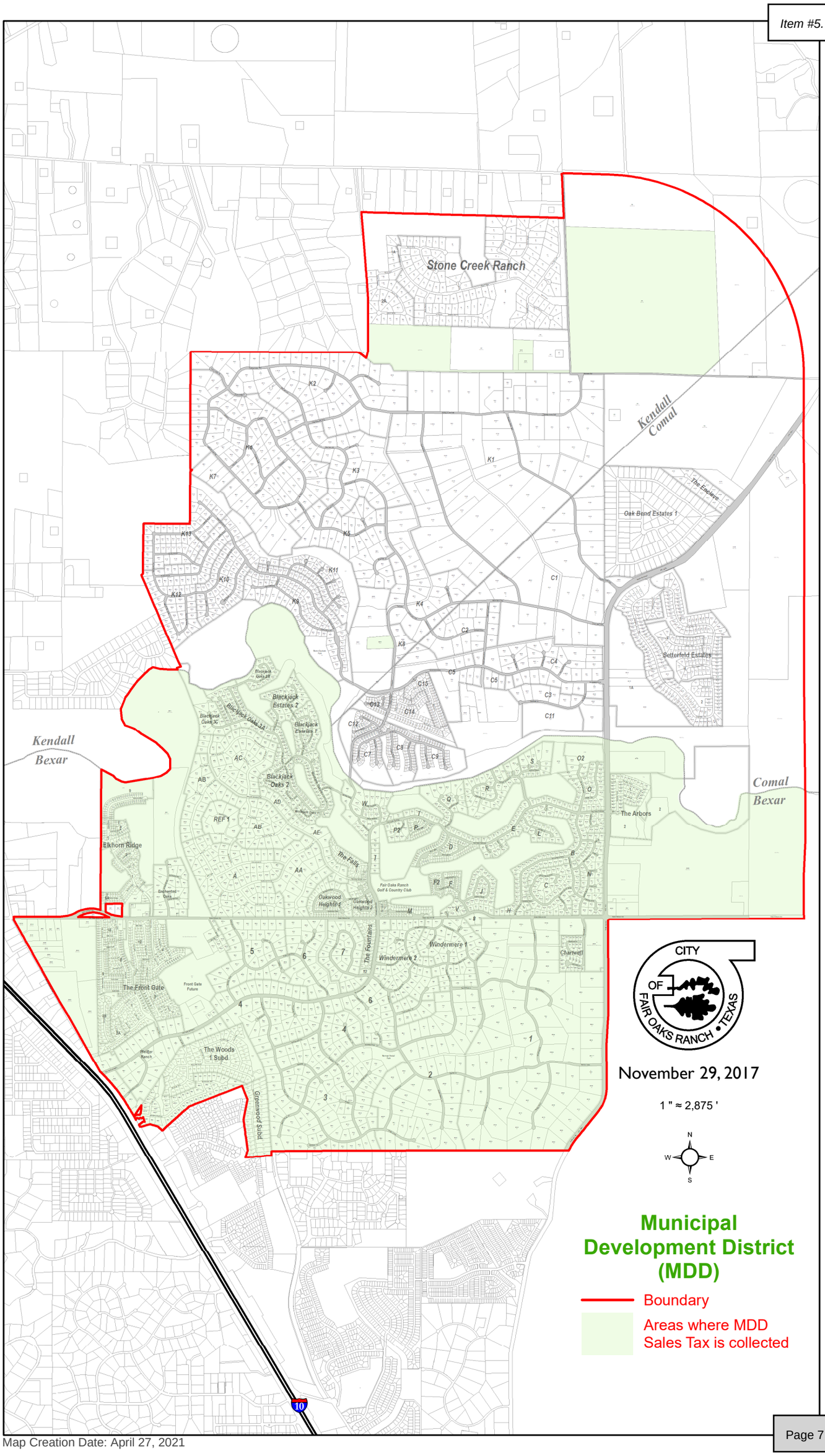
N/A

LEGAL ANALYSIS:

City Attorney stated at the April 14, 2021, regularly scheduled MDD Board meeting his opinion that the boundary map should not need to be edited by the Board but suggested that the legend be changed to clarify the areas of the City where MDD taxes can be collected.

RECOMMENDATION/PROPOSED MOTION:

I move to approve the new depiction of the existing FOR MDD boundary map to include a legend showing where the sales tax is collected.



Map Creation Date: April 27, 2021

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC:	Consideration and possible action to document and adopt a process for the periodic review and reaffirmation of Fair Oaks Ranch Municipal Development District policies.
DATE:	July 14, 2021
PRESENTED BY:	Roy E. Elizondo, MDD Secretary

INTRODUCTION/BACKGROUND:

It is a leading practice for good internal control to periodically review policies. The benefits of a periodic review include helping to ensure that the policies: 1) reflect current statutory requirements; 2) are in alignment with other organization policies; 3) accurately describe the roles and responsibilities of the organization's members; and 4) are understood by the organization's members. In addition, a periodic review cycle helps to ensure an opportunity to address any opportunities to clarify existing polices or develop new policies based on the organizations activities.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The MDD Secretary identified the following policies that should be reviewed and reaffirmed periodically:

- Rules of Procedure (Bylaws)
- Interlocal Agreement between the City of Fair Oaks Ranch and the Fair Oaks Ranch MDD
- Financial Management Policy
- Investment Policy
- Project Evaluation Policy

There is not currently an established process for the periodic review of policies, which has resulted in reviews and updates not occurring in a timely manner.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

Periodic review and reaffirmation of significant policies helps to better ensure accuracy, relevance and completeness of MDD policies.

RECOMMENDATION/PROPOSED MOTION:

A motion to proceed with the following actions to establish a periodic policy review process for the FOR MDD and initiate the 2021 review cycle.

What	Who	Due Date
Document annual policy review process and prepare resolution for adoption	MDD Secretary	September 2021
Develop a catalogue of MDD policies and related procedures, guidelines, etc.	MDD Secretary	September 2021
Review existing policies and propose updates as needed:		September 2021
Rules of Procedure (Bylaws) ***Note: this item was recently updated.***	MDD President	NA
Interlocal Agreement	MDD President & Treasurer	September 2021
Financial Management Policy	MDD Treasurer	September 2021
Investment Policy	MDD Treasurer	September 2021
Project Evaluation / Grant Process Policy ***Note: this item was recently updated.***	MDD Treasurer	September 2021
Schedule consideration and possible action on policy updates for future Board agenda, as appropriate (September 2021, if possible)	MDD Secretary	September 2021

ADDITONAL BACKGROUND: POLICY CONTENT OUTLINES

Rules of Procedure / Bylaws

Article I: Registered Office, Agents, Purpose & Powers
Article II: Board of Directors
Article III: Officers
Article IV: Functional Duties & Responsibilities
Article V. Miscellaneous

Interlocal Agreement (from draft agreement)

Article 1: Purpose
Article 2: Term
Article 3: Services Provided by the City
Article 4: Billing Procedure
Article 5: Payment
Article 6: Term & Amendment
Article 7: Administration of Agreement
Article 8: Dispute Resolution
Article 9: Governing Law & Authorization
Article 10: Non-Assignment
Article 11: Severability
Article 12: Entirety
Article 13: Officers Not to Benefit
Article 14: No Waiver
Article 15: Owner of Documents
Article 16: Agreement

Financial Management Policy

I: Purpose
II: Accounting, Audting & Financial Reporting
III: Operating Budget
IV: Reserves Policy
V: Revenue Management
VI: Expenditure Control
VII: Asset Management
VIII: Financial Condition / Debt Management
IX: Annual Review
X: Appendices
    Investment Policy
    Capitalization of Capital Assets
    Reimbursements

Investment Policy

I: Policy
II: Purpose
III: Scope
IV: General Objectives
V: Responsibility & Controls
VI: Suitable & Authorized Investments
VII: Investment Parameters
VIII: Selection of Bankers & Dealers
IX: Custodial Credit Risk Management
X: Performance
XI: Reporting
XII: Investment Committee
XIII: Investment Policy Adoption

Project Evaluation / Grant Process

Purpose
Policy
Process Framework
Process Implementation & Review
Appendix A: Project Categories
Appendix B: Application & Evaluation Guidelines

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC:	Consideration and possible action to approve the FY 21-22 MDD Budget
DATE:	July 14, 2021
PRESENTED BY:	Mike Lovelace, CPA, CMA, CISA, Fair Oaks Ranch MDD Treasurer Summer Fleming, MDD Investment Officer

INTRODUCTION/BACKGROUND:

MDD bylaws (Article IV, Section 1) requires 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 2021-22 MDD Budget provides a summary of all MDD expected revenues and proposed expenditures for the upcoming fiscal year.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Clarity and open record of MDD anticipated revenues and proposed expenditures for upcoming FY 2021-22.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to approve the MDD FY 2021-22 Budget as presented.

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
Proposed Budget
FY 2021-22

REVENUES		FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 20-21 BUDGET	FY 20-21 PROJECTED	FY 2021-22 PROPOSED BUDGET
REVENUES								
20-400-121	Local Sales Tax	$ 188,715	$ 210,458	$ 236,151	$ 316,733	$ 229,000	$ 392,351	$ 395,000
20-400-310	Bank/Investment Interest	$ -	$ 7,984	$ 20,919	$ 9,995	$ 20,000	$ 1,100	$ 1,500
20-400-900	Miscellaneous Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL REVENUES		$ 188,715	$ 218,442	$ 257,070	$ 326,727	$ 249,000	$ 393,451	$ 396,500

EXPENDITURES		FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 20-21 BUDGET	FY 20-21 PROJECTED	FY 2021-22 PROPOSED BUDGET
ADMINISTRATION								
20-501-300	Supplies	$ 66	$ -	$ -	$ -	$ 250	$ 100	$ 250
20-501-305	Minor Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20-501-307	Postage	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20-501-315	Training/Seminars	$ 480	$ 32	$ -	$ -	$ 500	$ 500	$ 500
20-501-323	Telephone	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20-501-390	Miscellaneous	$ -	$ 6	$ 78	$ -	$ 100	$ -	$ 100
TOTAL ADMINISTRATION		$ 546	$ 38	$ 78	$ -	$ 850	$ 600	$ 850
CONTRACTUAL SERVICES								
20-501-500	Attorney fees	$ 3,405	$ 2,221	$ 1,651	$ 1,945	$ 9,300	$ 3,500	$ 3,500
20-501-501	Auditor Fees	$ 1,800	$ 3,050	$ 4,300	$ 3,800	$ 5,000	$ 3,900	$ 5,000
20-501-502	Professional Services	$ 6,000	$ 10,000	$ 26,750	$ 30,150	$ 33,450	$ 33,450	$ 33,450
20-501-510	Insurance	$ 35	$ 33	$ 33	$ 50	$ 50	$ 50	$ 50
TOTAL CONTRACTUAL SERVICES		$ 11,240	$ 15,304	$ 32,735	$ 35,945	$ 47,800	$ 40,900	$ 42,000
GRANTS AWARDED								
20-501-530	Grants Awarded	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000
TOTAL GRANTS AWARDED		$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000

TRANSFERS IN/OUT		FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 20-21 BUDGET	FY 20-21 PROJECTED	FY 2021-22 PROPOSED BUDGET
20-501-981	Transfer from Committed Fund Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ (600,000)
20-501-981	Transfer to Assigned Fund Balance	$ 176,929	$ 203,099	$ 224,257	$ 290,783	$ 200,350	$ 351,951	$ 353,650
TOTAL TRANSFERS OUT		$ 176,929	$ 203,099	$ 224,257	$ 290,783	$ 200,350	$ 351,951	$ (246,350)
TOTAL EXPENDITURES		$ 188,715	$ 218,442	$ 257,070	$ 326,727	$ 249,000	$ 393,451	$ 396,500
REVENUE OVER EXPENSES		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Fund Balance Rollforward

	Final 9/30/2020	FY 20-21 Projected Closeout	Projected 9/30/2021	FY 21-22 Budgeted Closeout	Estimated 9/30/2022
Committed - Infrastructure Improvements	600,000		600,000	(600,000)	-
Assigned - Infrastructure Improvements	728,140	351,951	1,080,091	353,650	1,433,741
Unassigned - Operating	100,000	-	100,000	-	100,000
Total Fund Balances	1,428,140	351,951	1,780,091	(246,350)	1,533,741

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC:	Consideration and possible action to sign a Professional Services Agreement for Auditing Services with Avenu Insights & Analytics, LLC
DATE:	July 14, 2021
PRESENTED BY:	Clayton Hoelscher, Procurement Manager, City of Fair Oaks Ranch

INTRODUCTION/BACKGROUND:

Financial Integrity is a top priority in the City's strategic plan, which extends to include component units of the City such as the City of Fair Oaks Ranch Municipal Development District (MDD). The MDD collects ½ cent sales tax to finance projects that promote economic growth in the City. The MDD is seeking a consultant to perform a comprehensive audit of these revenue sources to ensure the MDD is receiving the proper amount due.

Avenu Insights & Analytics, LLC is a national consulting firm that specializes in this area. The consultant will assist the MDD in enhancing its sales and use tax revenues by detecting, documenting, and correcting errors, which will produce previously unrealized revenue for the MDD. The consultant will assist businesses in preparing and filing amended returns and/or reallocation requests with the Texas Comptroller's office in order to gain compliance.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Obtaining an audit of these revenue sources helps ensure the MDD is obtaining the maximum and proper amount of revenue for sales and use taxes.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

There is no up-front cost for the MDD. This fee will come from revenue increases received due to correction of past errors, as well as increases received due to the discovery and correction of errors for a 24-month period.

LEGAL ANALYSIS:

Avenu Insights & Analytics, LLC has agreed to all terms of the MDD's Professional Service Agreement.

RECOMMENDATION/PROPOSED MOTION:

I move to authorize the MDD President to sign the Professional Services Agreement with Avenu Insights & Analytics, LLC for a Sales/Use Tax Compliance Review contingent upon the City acceptance of a separate agreement for a Sales/Use Tax Audit with Avenu Insights & Analytics, LLC.

FAIR OAKS RANCH MDD
STANDARD PROFESSIONAL SERVICES AGREEMENT

THE STATE OF TEXAS §
§
KENDALL COUNTY §

This Professional Services Agreement ("Agreement") is made and entered by and between the Fair Oaks Ranch Municipal Development District ("MDD") a political subdivision of the State of Texas, and Avenu Insights & Analytics, LLC ("Professional").

Section 1. Duration. This Agreement shall become effective upon execution by the MDD and shall remain in effect until satisfactory completion of the Scope of Work unless terminated as provided for in this Agreement.

Section 2. Scope of Work.

(A) Professional shall perform the Services as more particularly described in the Scope of Work attached hereto as Exhibit "A". The work as described in the Scope of Work constitutes the "Project". Unless otherwise provided in the Scope of Work, the anticipated submittal of all Project deliverables is immediately upon completion of the Project.

(B) The Quality of Services provided under this Agreement shall be performed with the professional skill and care ordinarily provided by competent Professionals practicing in the same or similar locality and under the same or similar circumstances and professional license, and as expeditiously as is prudent considering the ordinary professional skill and care of a competent Professional holding the same professional license.

(C) The Professional shall perform its Services for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

(D) The Professional may rely upon the accuracy of reports and surveys provided to it by the MDD except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

Section 3. Compensation.

(A) The Professional shall be paid in the manner as provided herein.

(B) *Billing Period:* The Professional may submit monthly, or less frequently, an invoice for payment based on the estimated completion of the described tasks and approved work schedule. Subject to Chapter 2251, Texas Government Code (the "Prompt Payment Act"), payment is due within thirty (30) days of the MDD's receipt of the Professional's invoice. Interest on overdue payments shall be calculated in accordance with the Prompt Payment Act.

(C) *Reimbursable Expenses*: Any and all reimbursable expenses related to the Project shall be included in the scope of services (Exhibit A). If these items are not specifically accounted for in Exhibit A they shall be considered subsidiary to the total contract amount.

Section 4. Changes to the Project Work; Additional Work.

(A) *Changes to Work:* Professional shall make such revisions to any work that has been completed as are necessary to correct any errors or omissions as may appear in such work. If the MDD finds it necessary to make changes to previously satisfactorily completed work or parts thereof, the Professional shall make such revisions if requested and as directed by the MDD and such services will be considered as additional work and paid for as specified under following paragraph.

(B) *Additional Work:* The MDD retains the right to make changes to the Scope of Work at any time by a written order. Work that is clearly not within the general description of the Scope of Work and does not otherwise constitute special services under this Agreement must be approved in writing by the MDD by supplemental agreement before the additional work is undertaken by the Professional. If the Professional is of the opinion that any work is beyond that contemplated in this Agreement and the Scope of Work governing the project and therefore constitutes additional work, the Professional shall promptly notify the MDD of that opinion, in writing. If the MDD agrees that such work does constitute additional work, then the MDD and the Professional shall execute a supplemental agreement for the additional work and the MDD shall compensate the Professional for the additional work on the basis of the rates contained in the Scope of Work. If the changes deduct from the extent of the Scope of Work, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement. Any work undertaken by Professional not previously approved as additional work shall be at risk of the Professional.

Section 5. Time of Completion.

The prompt completion of the services under the Scope of Work is critical to the MDD. Unnecessary delays in providing services under a Scope of Work shall be grounds for dismissal of the Professional and termination of this Agreement without any or further liability to the MDD other than a prorated payment for necessary, timely, and conforming work done

by Professional prior to the time of termination. The Scope of Work shall provide, in either calendar days or by providing a final date, a time of completion prior to which the Professional shall have completed all tasks and services described in the Scope of Work.

Section 6. Insurance.

Before commencing work under this Agreement, Professional shall obtain and maintain the liability insurance provided for in attached Exhibit B throughout the term of this Agreement and thereafter as required herein.

In addition to the insurance provided for in Exhibit B, Professional shall maintain the following limits and types of insurance:

Professional Liability Insurance: professional errors and omissions liability insurance with limits of liability not less than $1,000,000 per occurrence covering all work performed by the Professional, its employees, sub-contractors, or independent contractors. If this coverage can only be obtained on a “claims made” basis, the certificate of insurance must clearly state coverage is on a “claims made” basis and coverage must remain in effect for at least two years after final payment with the Professional continuing to furnish the MDD certificates of insurance.

Workers Compensation Insurance: The Professional shall carry and maintain during the term of this Agreement, workers compensation and employers liability insurance meeting the requirements of the State of Texas on all the Professional’s employees carrying out the work involved in this contract.

General Liability Insurance: The Professional shall carry and maintain during the term of this Agreement, general liability insurance on a per occurrence basis with limits of liability not less than $1,000,000 for each occurrence and for fire damage. For Bodily Injury and Property Damage, coverage shall be no less than $1,000,000. As a minimum, coverage for Premises, Operations, Products and Completed Operations shall be $2,000,000. This coverage shall protect the public or any person from injury or property damages sustained by reason of the Professional or its employees carrying out the work involved in this Agreement. The general aggregate shall be no less than $2,000,000.

Automobile Liability Insurance: Professional shall carry and maintain during the term of this Agreement, automobile liability insurance with either a combined limit of at least $1,000,000 per occurrence for bodily injury and property damage or split limits of at least $1,000,000 for bodily injury per person per occurrence and $1,000,000 for property damage per occurrence. Coverage shall include all owned, hired, and non-owned motor vehicles used in the performance of this contract by the Professional or its employees.

Subcontractor: In the case of any work sublet, the Professional shall require subcontractor and independent contractors working under the direction of either the Professional or a subcontractor to carry and maintain the same workers compensation and liability insurance required of the Professional.

Qualifying Insurance: The insurance required by this Agreement shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be written on a “per occurrence basis” and not a “claims made” form.

Evidence of such insurance shall be attached as Exhibit “B”.

Section 7. Miscellaneous Provisions.

(A) *Subletting.* The Professional shall not sublet or transfer any portion of the work under this Agreement or any Scope of Work issued pursuant to this Agreement unless specifically approved in writing by the MDD, which approval shall not be unreasonably withheld. Subcontractors shall comply with all provisions of this Agreement and the applicable Scope of Work. The approval or acquiescence of the MDD in the subletting of any work shall not relieve the Professional of any responsibility for work done by such subcontractor.

(B) *Ownership of Documents.* Upon completion or termination of this Agreement, all documents prepared by the Professional or furnished to the Professional by the MDD shall be delivered to and become the property of the MDD. All drawings, charts, calculations, plans, specifications and other data, including electronic files and raw data, prepared under or pursuant to this Agreement shall be made available, upon request, to the MDD without restriction or limitation on the further use of such materials PROVIDED, HOWEVER, THAT SUCH MATERIALS ARE NOT INTENDED OR REPRESENTED TO BE SUITABLE FOR REUSE BY THE MDD OR OTHERS. ANY REUSE WITHOUT PRIOR VERIFICATION OR ADAPTATION BY THE PROFESSIONAL FOR THE SPECIFIC PURPOSE INTENDED WILL BE AT THE MDD’S SOLE RISK AND WITHOUT LIABILITY TO THE PROFESSIONAL. Where applicable, Professional shall retain all pre-existing proprietary rights in the materials provided to the MDD but shall grant to the MDD a non-exclusive, perpetual, royalty-free license to use such proprietary information solely for the purposes for which the information was provided. The Professional may, at Professional’s expense, have copies made of the documents or any other data furnished to the MDD under or pursuant to this Agreement.

(C) *Professional's Seal.* To the extent that the Professional has a professional seal it shall placed on all documents and data furnished by the Professional to the MDD. All work and services provided under this Agreement will be performed in a good and workmanlike fashion

and shall conform to the accepted standards and practices of the Professional's industry. The plans, specifications and data provided by Professional shall be adequate and sufficient to enable those performing the actual work to perform the work as and within the time contemplated by the MDD and Professional. The MDD acknowledges that Professional has no control over the methods or means of work nor the costs of labor, materials or equipment. Unless otherwise agreed in writing, any estimates of costs by the Professional are for informational purposes only and are not guarantees.

(D) *Compliance with Laws.* The Professional shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When required, the Professional shall furnish the MDD with satisfactory proof of compliance.

(E) *Independent Contractor.* Professional acknowledges that Professional is an independent contractor of the MDD and is not an employee, agent, official or representative of the MDD. Professional shall not represent, either expressly or through implication, that Professional is an employee, agent, official or representative of the MDD. Income taxes, self-employment taxes, social security taxes and the like are the sole responsibility of the Professional.

(F) *Non-Collusion.* Professional represents and warrants that Professional has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to the MDD under this Agreement. Professional further agrees that Professional shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from the MDD pursuant to this Agreement) for any of the services performed by Professional under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to Professional, Professional shall immediately report that fact to the MDD and, at the sole option of the MDD, the MDD may elect to accept the consideration for itself or to take the value of such consideration as a credit against the compensation otherwise owing to Professional under or pursuant to this Agreement.

(G) *Force Majeure.* If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar

acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

(H) In the case of any conflicts between the terms of this Agreement and wording contained within the Scope of Services, this Agreement shall govern. The Scope of Services is intended to detail the technical scope of services, fee schedule, and contract time only and shall not dictate Agreement terms.

Section 8. <u>Termination.</u>

(A) This Agreement may be terminated:

(1) By the mutual agreement and consent of both Professional and MDD;

(2) By either party, upon the failure of the other party to fulfill its obligations as set forth in either this Agreement or a Scope of Work issued under this Agreement;

(3) By the MDD, immediately upon notice in writing to the Professional, as consequence of the failure of Professional to perform the services contemplated by this Agreement in a timely or satisfactory manner;

(4) By the MDD, at will and without cause upon not less than thirty (30) days written notice to the Professional.

(B) If the MDD terminates this Agreement pursuant to Section 5 or subsection 8(A)(2) or (3), above, the Professional shall not be entitled to any fees or reimbursable expenses other than the fees and reimbursable expenses then due and payable as of the time of termination and only then for those services that have been timely and adequately performed by the Professional considering the actual costs incurred by the Professional in performing work to date of termination, the value of the work that is nonetheless usable to the MDD, the cost to the MDD of employing another Professional to complete the work required and the time required to do so, and other factors that affect the value to the MDD of the work performed at time of termination. In the event of termination that is not the fault of the Professional, the Professional shall be compensated for all basic, special, and additional services actually

performed prior to termination, together with any reimbursable expenses then due.

Section 9. Indemnification. Professional shall indemnify, defend and hold harmless the Fair Oaks Ranch MDD and its officials, employees and agents (collectively referred to as "Indemnitees") and each of them from and against all loss, costs, penalties, fines, damages, claims, expenses (including reasonable attorney's fees) or liabilities (collectively referred to as "Liabilities") by reason of any injury to or death of any person or damage to or destruction or loss of any property arising out of, resulting from, or in connection with (i) the performance or non-performance of Services contemplated by this Agreement but only to the extent caused by the negligent acts, errors or omissions, intentional torts, intellectual property infringement, or a failure to pay a sub-contractor or supplier committed by Professional or Professional's agent, consultant under contract, or another entity over which Professional exercises control (whether active or passive) of Professional or its employees, agents or sub-contractors (collectively referred to as "Professional") (ii) the failure of Professional to comply with any of the paragraphs herein or the failure of Professional to conform to statutes, ordinances, or other regulations or requirements of any governmental authority, federal, state or local, in connection with the performance of this Agreement. Professional expressly agrees to indemnify and hold harmless the Indemnitees, or any one of them, from and against all liabilities which may be asserted by an employee or former employee of Professional, or any of its sub-contractors, as provided above, for which Professional's liability to such employee or former employee would otherwise be limited to payments under State Workers' Compensation or similar laws. Nothing herein shall require Professional to indemnify, defend, or hold harmless any Indemnitee for the Indemnitee's own negligence or willful misconduct. Any and all indemnity provided for in this Agreement shall survive the expiration of this Agreement and the discharge of all other obligations owed by the parties to each other hereunder and shall apply prospectively not only during the term of this Agreement but thereafter so long as any liability could be asserted in regard to any acts or omissions of Professional in performing Services under this Agreement.

For Professional Liability Claims, Professional shall be liable for reasonable defense costs incurred by Indemnitees but only after final adjudication and to the extent and percent that Professional or Professional's agents are found negligent or otherwise at fault. As used in this Agreement, final adjudication includes any negotiated settlement and release of claims, without limitation as to when a negotiated settlement and release of claims occurs.

Section 10. Notices. Any notice required or desired to be given from one party to the other party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (i) delivered in person to the

address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

Section 11. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

Section 12. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

Section 13. Waiver. Either MDD or the Professional shall have the right to waive any requirement contained in this Agreement that is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation.

Section 14. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Kendall County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Kendall County, Texas.

Section 15. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 16. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their

respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 17. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 18. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 19. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 20. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

Section 21. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

Section 22. Right To Audit. MDD shall have the right to examine and audit the books and records of Professional with regards to the work described in Exhibit A, or any subsequent changes, at any reasonable time. Such books and records will be maintained in accordance with generally accepted principles of accounting and will be adequate to enable determination of: (1) the substantiation and accuracy of any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.

23. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which notice shall request a written response to be delivered to the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the

dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

24. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. Professional represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code.

25. Boycott Israel. The MDD may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company; (i) it does not Boycott Israel; and (ii) will not Boycott Israel during the term of the contract. (Texas government code chapter 2270) by entering this agreement, Professional verifies that it does not Boycott Israel, and agrees that during the term of the agreement will not Boycott Israel as that term is defined in the Texas Government Code Section 808.001, as amended.

EXECUTED, by the MDD on _____.

MDD:

By:_____

Name:

Title:

PROFESSIONAL:

By:_____

Name: Mike Melka

Title: Chief Financial Officer

ADDRESS FOR NOTICE:

MDD

MDD of Fair Oaks Ranch
Attn: MDD Secretary
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

PROFESSIONAL

Avenu Insights & Analytics
Attn; Contracts Department
7625 N. Palm Ave., Ste. 108
Fresno, CA 93711

EXHIBIT A

SCOPE OF SERVICES

EXHIBIT A – SCOPE OF WORK
SALES/USE TAX COMPLIANCE REVIEW

Objectives and Methods

CONSULTANT's Sales/Use Tax Compliance Review is designed to assist MDD in enhancing its sales/use tax revenues by detecting, documenting, and correcting sales/use tax errors thereby producing previously unrealized revenue for MDD.

Scope of Work

In providing the Sales/Use Tax Compliance Review, CONSULTANT shall:

- Meet with MDD's designated staff to review service objectives, scope, procedures, coordination of effort, work plan schedule, public relations, and logistical matters.
- Establish an appropriate liaison with the MDD and define logical checkpoints for reviewing progress.
- Perform a review of the MDD's businesses' sales/use tax remittances in an effort to ensure proper application of local sales/use tax law and achieve past and/or prospective compliance, as applicable.
- On behalf of the MDD, CONSULTANT will assist the businesses, as necessary, in the preparation and filing of amended returns and/or reallocation requests with the Comptroller's office in order to gain compliance. CONSULTANT and/or the MDD may also provide additional documentation to the Comptroller's office to request its assistance in gaining compliance from taxpayers as needed.

Deliverables

Progress Reports
CONSULTANT will provide periodic progress reports to MDD in the form of status updates. CONSULTANT's progress reports will identify errors detected, documented and corrected.

MDD Assistance

MDD shall assist CONSULTANT by providing information and assistance necessary to perform the Sales/Use Tax Compliance Review to include, without limitation, the following:

- Providing CONSULTANT historical sales/use tax information including but not limited to confidentiality reports previously received from the Comptroller for past periods, if available.
- Issuing necessary documentation to the Comptroller to allow CONSULTANT to access and receive detailed confidentiality reports on an on-going monthly basis.
- Providing a letter of introduction identifying CONSULTANT as an authorized agent of the CITY to perform the Sales/Use Tax Compliance Review and to receive and examine taxpayer records necessary to assure sales/use tax compliance.
- Pursuing in good faith corrective action on errors detected by CONSULTANT.
- Issuing necessary documentation to the Comptroller to correct errors validated by CONSULTANT.

The parties agree that the MDD and/or the Comptroller retain exclusive authority and responsibility to administer, interpret and enforce the MDD's sales/use tax, recognizing that CONSULTANT's role is limited to employing its unique expertise and proprietary tools for: i) detecting and documenting errors by taxpayers in the application, calculation, collection, and/or remittance of sales/use taxes and, ii) providing MDD with technical assistance, without assuming or being delegated the authority or responsibility of MDD to administer, interpret, and enforce its sales/use taxes.

EXHIBIT B - COMPENSATION
SALES/USE TAX COMPLIANCE REVIEW

In exchange for CONSULTANT performing the work indicated above, the MDD will pay CONSULTANT as follows:

The MDD shall pay CONSULTANT a 35% contingency fee. The fee applies to the sales/use tax revenue received by the MDD from correction of taxpayer reporting errors detected and documented by the Sales Tax Compliance Review. The Contingency Fee applies to both: (a) past compliance (as applicable) – sales/use tax revenues received by the MDD from prior periods; and (b) prospective compliance (as applicable) -- incremental increase in sales/use tax revenues received for the first eight consecutive reporting quarters (24 months) following correction of the errors and confirmation of receipt of revenue by the MDD. An incremental increase is calculated as the current month's correct tax remittance less the monthly average of the prior 12 months immediately prior to the first month of correct tax remittance.

CONSULTANT will invoice MDD quarterly based on past and/or prospective compliance secured on behalf of MDD. Invoices are due and payable upon receipt.

All expenses incurred by CONSULTANT in providing the Sales/Use Tax Compliance Review are the sole and exclusive responsibility of CONSULTANT, except those expenses that receive prior written approval by MDD.

Completion of Services

Notwithstanding anything else in this Agreement to the contrary, the MDD will pay CONSULTANT per the terms of this Agreement for services begun before termination or expiration of the Agreement even if the monies are received after termination or expiration. CONSULTANT will provide MDD with a list of taxpayer accounts submitted but not yet corrected as of the expiration or termination within a reasonable time after the expiration or termination (“completion list”). CONSULTANT is allowed to continue working those taxpayer accounts on the completion list for a reasonable time to obtain a correction.

Additional Consulting

MDD may request that CONSULTANT provide additional consulting services at any time during the term of this Agreement. If CONSULTANT and MDD agree on the scope of the additional consulting services requested, then CONSULTANT shall provide the additional consulting on a Time and Materials basis. Depending on the personnel assigned to perform the work, standard hourly rates range from $75 per hour to $200 per hour. These additional consulting services will be invoiced at least monthly based on actual time and expenses incurred.

EXHIBIT C
AVENU Helpful Contacts

Contact	Project Role	Phone	Email
Mike Sample	Client Services Manager	281.723.8203	mike.sample@avenuinsights.com
Chris Yeary, CPA	VP, Sales & Use Tax	972.447.4953	chris.yeary@avenuinsights.com
Irene Reynolds	Client Relations Manager	559.271.6867	irene.reynolds.@avenuinsights.com
Jaimie Lewis	Billing Department	571.485.7875	billing@avenuinsights.com
Francesco Mancia, MBA	VP Government Relations	559.288.7296	fran.mancia@avenuinsights.com
Francis Enaholo	Contracts Director	571.441.1863	francis.enaholo@avenuinsights.com

EXHIBIT B

REQUIRED INSURANCE

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC: Quarterly Financial & Investment Report – Q2 2021

DATE: July 14, 2021

PRESENTED BY: Summer Fleming, 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 Q2 2021 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 investment portfolio shall be managed in accordance with the objectives specified in the investment 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.

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 Report

June 2021

About This Quarterly Financial Report

This report has been prepared by the City of Fair Oaks Ranch Finance Department. The Quarterly Financial Report is intended to provide our users (internal and external) with information regarding the MDD's financial position. This report includes information for Q2 2021.

This report is presented in two sections.

1. The *Financial Summary* section reports the performance of the major operating funds of the MDD.

2. The *Quarterly Investment Report* provides a summary of MDD's investment portfolio, interest earnings and a brief market outlook.

The Quarterly Financial Report is intended to provide our users with timely and relevant information. Please provide us with any comments or suggestions you may have. If you would like additional information, feel free to contact me.



Summer Fleming
Investment Officer

7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015
210-698-0900

Fair Oaks Ranch MDD

Financial Summary

Municipal Development District
Revenue & Expense Report
June 30, 2021

	Budget	Projection	Year-to Date Actual	Percent of Budget	Budget Balance	Comments
Revenues:						
Local Sales Tax	190,400	392,351	228,871	120.2%	38,471	Sales tax collected through April sales.
Interest	10,000	1,100	593	5.9%	(9,407)	Decreased projection based on actuals through June.
Total Revenue	**200,400**	**393,451**	**229,464**	**114.50%**	**29,064**	
Expenditures:						
Supplies	250	100	-	0.00%	250	
Training/Seminars	500	500	350	70.00%	150	Year-to-date consists of PFIA training for MDD Treasurer.
Miscellaneous	100	-	-	0.00%	100	Do not anticipate using budgeted amount.
Attorney	9,300	3,500	1,537	16.53%	7,763	Decreased projection based on actuals through June.
Auditor	5,000	3,900	3,900	78.00%	1,100	Annual audit complete; expense under budget.
Professional Services	33,450	33,450	30,306	90.60%	3,144	Annual management fee paid; remaining budget for outside services if needed for project/grant requests.
Insurance	50	50	50	100.00%	-	Annual expense paid.
Total Expenditures	**48,650**	**41,500**	**36,143**	**74.29%**	**12,507**	
Transfer To / (From) Fund Balance	**151,750**	**351,951**	**193,321**	**127.39%**	**41,571**	

Fair Oaks Ranch MDD
Financial Summary

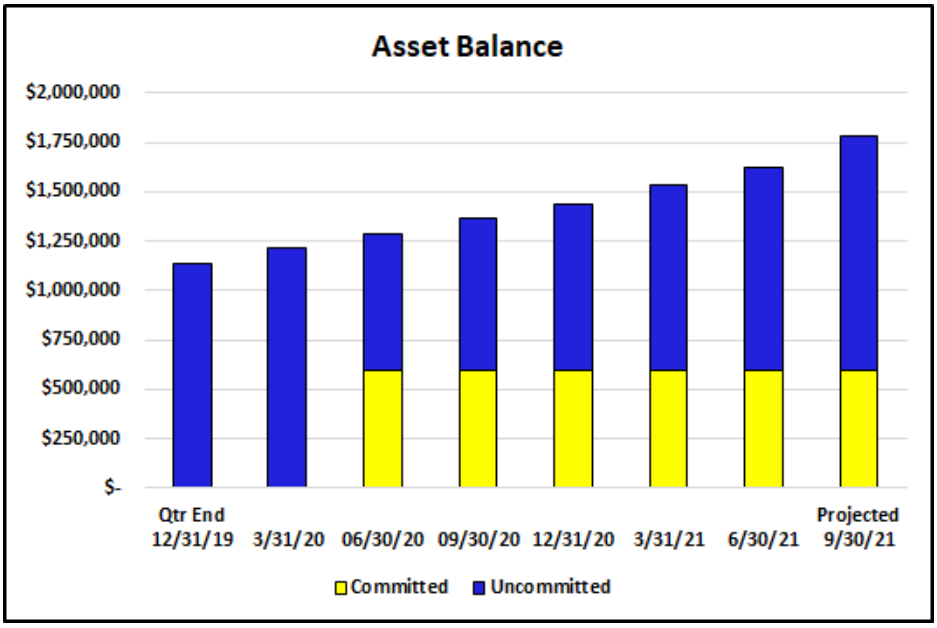
Municipal Development District
Balance Sheet
June 30, 2021

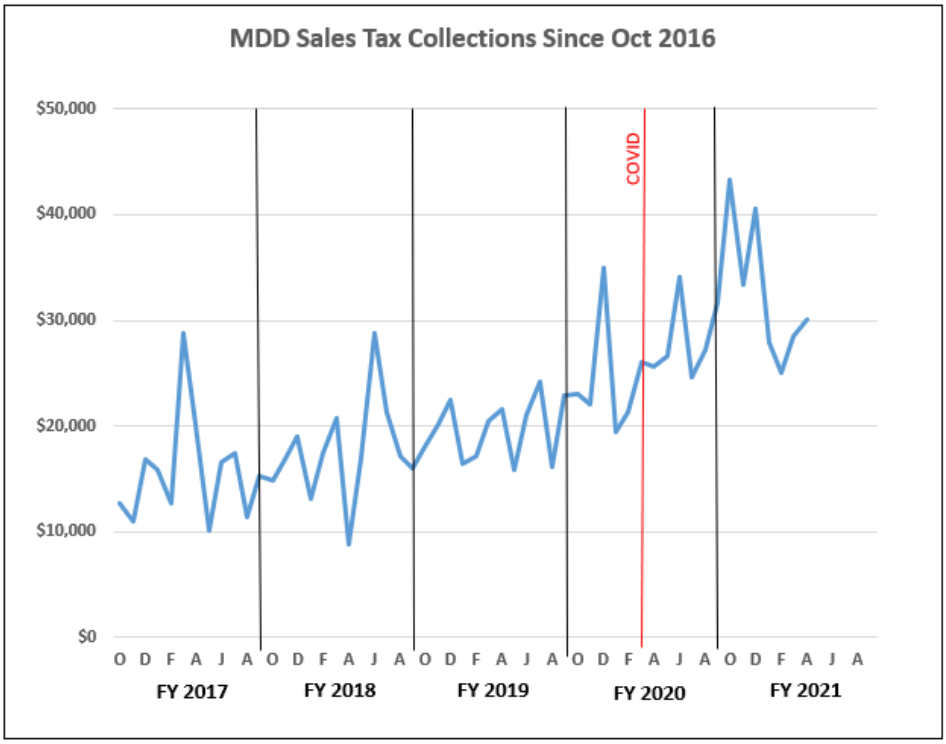
Assets			
Frost Bank	95,843		
TexPool	1,526,883		
Accrued Receivables	-		
Due from Fair Oaks Ranch	-		
Total Cash & Investments		1,622,726	
Total Assets			1,622,726
Liabilities			
Due to City of Fair Oaks	1,265		
Accounts Payable	-		
		1,265	
Fund Balance			
Fund Balance	100,000		
Infrastructure Improvements - Assigned	728,140		
Infrastructure Improvements - Committed	600,000		
Total Fund Balance		1,428,140	
Total Revenues	229,464		
Total Expenses	36,143		
Excess Revenue over Expenses		193,321	
Total Liabilities & Fund Equity			1,622,726

Fair Oaks Ranch MDD

Investment Report

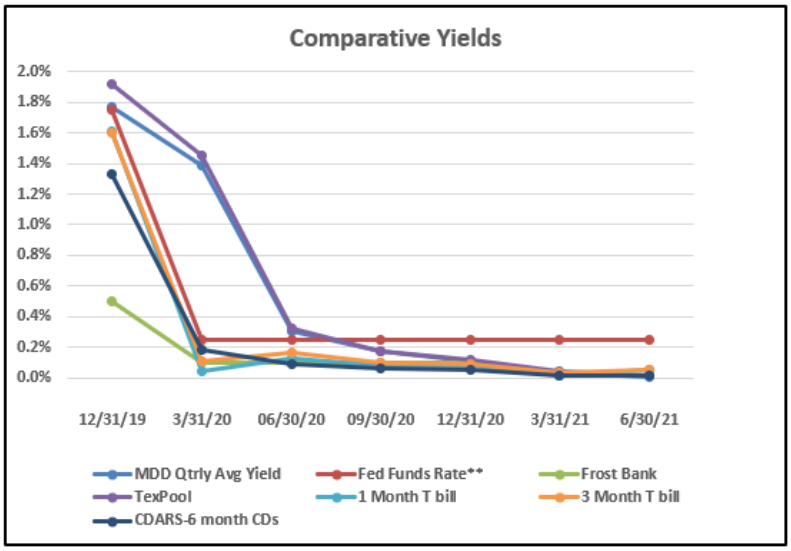
Investment Inventory 4/1/2021 - 6/30/2021									
Security	Yield	Beg Bal	Transfers In/Out	Interest Earnings	Ending Bal	Ending Market	Interest Accrued	Weighted Avg Maturity*	Maturity Date
Frost Bank - Operations Account	0.001%	95,841	-	2	95,843	95,843	-	-	-
Texpool - Operations Account	0.040%	1,443,254	83,584	45	1,526,883	1,526,883	-	29 days	-
	TOTAL	**1,539,095**	**83,584**	**47**	**1,622,726**	**1,622,726**			

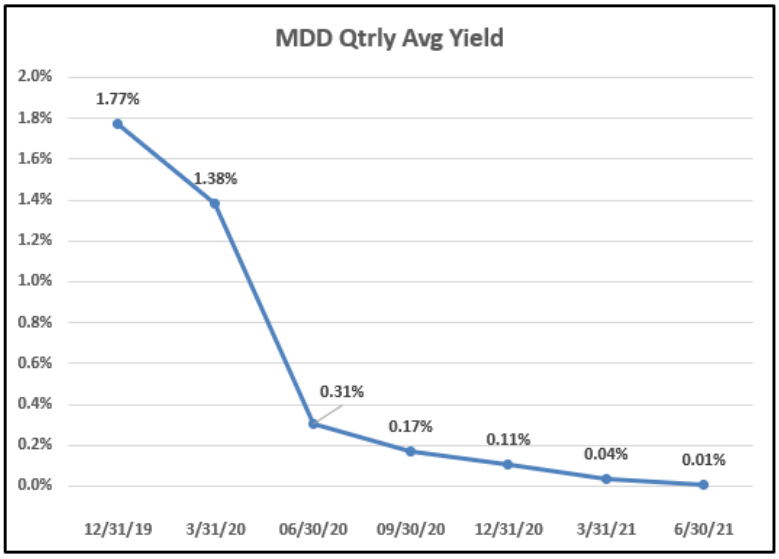


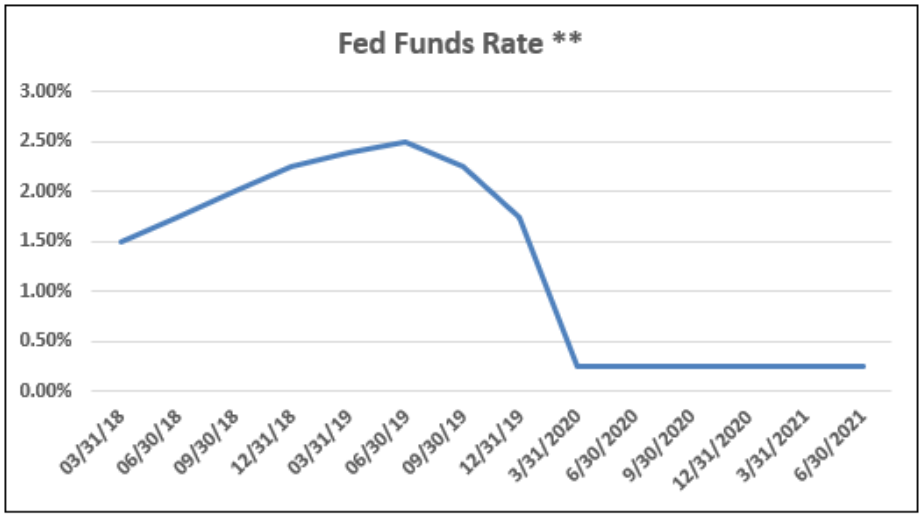


Fair Oaks Ranch MDD

Investment Report







Key Trends:

- Sales tax collections continue to be higher than same time last year, and we are projecting to receive $163k for May through September sales.
- The Federal Reserve left the target range for its federal funds' rate unchanged at 0-0.25% in June, but policymakers signaled they expect two increases by the end of 2023.

This report is in compliance with the MDD's Investment Policy Section 11 and Texas Government Code Section 2256.023.

* Weighted Average Maturity

** Leading indicator of rate changes to come, not an investment option for the MDD.

Per the MDD's investment policy, there will not be direct investment in securities maturing more than 36 months from the date of purchase. The [illegible] Average Maturity of these investments is in compliance with the City's policy.

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
July 14, 2021

AGENDA TOPIC: Update on MDD Terms of Service

DATE: July 14, 2021

PRESENTED BY: Laura Koerner, MDD Vice President

INTRODUCTION/BACKGROUND:

The purpose of this agenda item is to provide an overview of MDD Board Terms of Service and expiration date and the process that the City is using to fill any vacancies.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Provide overview of upcoming term expirations of the MDD Board of Directors and provide insight into the process for citizens to apply for vacancies.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

Presentation item only. No action required.