CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT BOARD OF DIRECTORS MEETING

Wednesday, July 8, 2026 at 4:00 PM
Public Safety Training Room, Police Station, 7286 Dietz Elkhorn Rd Fair Oaks Ranch

AGENDA

OPEN MEETING

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

CITIZENS and GUEST FORUM

To address the Municipal Development District Board of Directors, 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, Council or Committee 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

All of the following items are considered to be routine by the Municipal Development District Board of Directors, there will be no separate discussion on these items and will be enacted with one motion. Items may be removed by any Council or Committee Member by making such request prior to a motion and vote.

4. Approval of the April 8, 2026 Municipal Development District meeting minutes

   Keith Rhoden, MDD Secretary

CONSIDERATION / ACTION ITEMS

5. Consideration and possible action approving the FY 2026-27 MDD Budget

   Mike Lovelace, MDD Treasurer

6. Initiation of the 2026 Annual Policy Review Process

   Keith Rhoden, MDD Secretary

REPORTS

7. Investment Report and Financial Update for the Quarter Ended June 30, 2026

   Mike Lovelace, MDD Treasurer

WORKSHOP

8. Strategic Planning for MDD funds

Scott Huizenga, MPA, ICMA-CM, City Manager

ADJOURNMENT

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 July 1, 2026 and remained so posted continuously for at least 3 business days before said meeting was convened. A quorum of various boards, committees, and commissions may attend the MDD 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 BOARD OF DIRECTORS MEETING

Wednesday, April 8, 2026 at 4:00 PM
Public Safety Training Room, Police Station, Fair Oaks Ranch

MINUTES

OPEN MEETING

1. **Roll Call- Declaration of a Quorum**

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

Absent: Ruben Olvera and Secretary Keith Rhoden

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

CITIZENS and GUEST FORUM

3. **Citizens to be heard –** None.

CONSENT AGENDA

4. **Approval of the January 14, 2026 Municipal Development District meeting minutes**

The minutes were approved by consensus.

REPORTS

5. **Financial and Investment Report for the Quarter Ended March 31, 2026**

Summer Fleming, Finance Director & Investment Officer, presented the financial reports for the quarter ending March 31, 2026. She noted interest income was slightly ahead of expectations due to the current rate environment. No questions were asked by the Board.

6. **Strategic Planning for MDD funds**

Mr. DiCianni led a workshop with the Board wherein the Marketing & Project Opportunities Subcommittee compiled a list of possible projects for the MDD Board to consider. Discussion included opportunities on land development and a possible community center. President Koerner recommended the board develop priorities to correspond with the compiled list. City staff then presented progress on the City Strategic Plan and possible alignment with the MDD. Staff would consult with the District's legal counsel to vet the proposed projects and would identify alignments with the City Strategic Plan.

ADJOURNMENT

President Koerner adjourned the meeting at 4:33 PM.

Laura Koerner, MDD President

ATTEST:

Keith Rhoden, MDD Secretary

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

AGENDA TOPIC:	Consideration and possible action approving the FY 2026-27 MDD Budget
DATE:	July 8, 2026
DEPARTMENT:	Municipal Development District
PRESENTED BY:	Mike Lovelace, MDD Treasurer

INTRODUCTION / BACKGROUND:
Article IV, Section 1 of the Municipal Development District (MDD) Rules of Procedure requires the Board of Directors to approve the proposed budget for the upcoming fiscal year by July 15 and submit the budget to the City Council for final approval by September 30.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:
Adoption of the FY 2026-27 Budget provides a transparent financial plan for the upcoming fiscal year, establishes spending authority for MDD operations, and ensures compliance with the MDD Rules of Procedure.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
The FY 2026-27 Proposed Budget includes projected revenues of $737,800 and expenditures of $69,771. Revenue projections are based on historical sales tax performance, current economic conditions, and investment earnings assumptions. The budget assumes a 4% increase in local sales tax revenues and a modest decrease in interest income due to anticipated interest rate reductions during the fiscal year.

Operating expenditures are budgeted to increase by 1.4% over the prior year, primarily due to higher audit and management service costs. The proposed budget also includes a $25,000 Grant Awards appropriation to provide budget authority for eligible grant requests during the fiscal year without requiring a separate budget amendment, consistent with the MDD's Financial Management Policy.

Based on these assumptions, the MDD is projected to end FY 2026-27 with a fund balance of approximately $5.08 million.

LEGAL ANALYSIS:
N/A

RECOMMENDATION / PROPOSED MOTION:
I move to approve the FY 2026-27 MDD Budget as presented.

FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
PROPOSED BUDGET
FISCAL YEAR 2026-2027

	FY 24-25 ACTUAL	FY 25-26 ADOPTED BUDGET	FY 25-26 PROJECTED	FY 26-27 PROPOSED BUDGET
Beginning Fund Balance	**$ 3,331,455**	**$ 3,763,134**	**$ 3,763,134**	**$ 4,409,334**
Revenues				
Local Sales Tax	540,112	554,320	570,000	592,800
Interest	159,514	150,000	145,000	145,000
Total Revenue	699,626	704,320	715,000	737,800
Expenditures				
Supplies	-	250	250	250
Training/Seminars	360	500	500	500
Attorney	3,906	3,500	3,500	3,500
Auditor	4,725	4,850	4,850	4,971
Professional Services	34,065	34,650	34,650	35,500
Insurance	50	50	50	50
Grant Awards	224,840	25,000	25,000	25,000
Total Expenditures	267,947	68,800	68,800	69,771
Revenues over/(under) expenditures	**431,679**	**635,520**	**646,200**	**668,029**
Ending Fund Balance	**$ 3,763,134**	**$ 4,398,654**	**$ 4,409,334**	**$ 5,077,363**

FUND BALANCE DETAIL

	9/30/2025 FINAL BALANCE	9/30/2026 BUDGETED BALANCE	9/30/2026 PROJECTED BALANCE	9/30/2027 PROJECTED BALANCE
ASSIGNED	$ 3,713,134	$ 4,348,654	$ 4,359,334	$ 5,027,363
UNASSIGNED	50,000	50,000	50,000	50,000
TOTAL FUND BALANCE	$ 3,763,134	$ 4,398,654	$ 4,409,334	$ 5,077,363

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

AGENDA TOPIC:	Initiation of the 2026 Annual Policy Review Process
DATE:	July 8, 2026
DEPARTMENT:	Municipal Development District
PRESENTED BY:	Keith Rhoden, MDD Secretary

INTRODUCTION / BACKGROUND:
The Municipal Development District's Policy Review Procedure establishes a formal process for the periodic review of Board policies to ensure they remain current, relevant, and consistent with Board practices. Under the procedure, the annual policy review cycle is initiated each July, at which time the Board Secretary distributes policies due for review to the appropriate Policy Owners and establishes the review timeline. The target completion date for policy reviews is the Board's October regular meeting.

The attached Policy Review Procedure (**Attachment A**) and Tracking Log identify the policies currently scheduled for review during the 2026 review cycle and the Board Officers responsible for each policy.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:
Conducting periodic reviews helps ensure Board policies remain effective, reflect current operational practices, comply with applicable laws, and support sound governance.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
N/A

LEGAL ANALYSIS:
N/A

RECOMMENDATION / PROPOSED MOTION:
Staff recommends that the Board initiate the annual policy review process in accordance with the Municipal Development District Policy Review Procedure and determine whether any of the policies identified on the attached Tracking Log should undergo a formal review or amendment during the 2026 review cycle.

ATTACHMENT A

Fair Oaks Ranch
Municipal Development District
Policy Review Procedure

Process Owner: MDD Board Secretary

Procedure Purpose: Ensure that FOR MDD policies are being reviewed on a periodic basis to ensure relevance, compliance, and Board awareness.

Procedure:

1. The Board Secretary will collaborate with the City Secretary's office to establish and maintain a list of MDD Policies.
2. Each year, at the July regular meeting of the Board, the Board Secretary will initiate the annual review cycle by distributing policies that are due for review to the appropriate policy owners and setting the timeline for the review cycle.
3. The due date for review of a policy will be based on:
   a) the periodicity specified within the policy or by governing statute or regulation; or
   b) at a minimum of once every two years if not otherwise stipulated; or as deemed necessary by the Policy Owner or the Board.

   NOTE: A Policy Owner is the Board Officer that is charged with primary responsibility for the scope of activity covered by the Policy.
4. The target schedule to complete the reviews and present the resulting item for consideration & possible action or information will be the October regular meeting of the Board.
5. In cases where a policy owner requires additional time to resolve the review or deems it necessary to perform an out-of-cycle review, that will be permitted and is to be coordinated with the Board Secretary.
6. If the Policy Owner or the Board identifies the need to develop a new policy, that will be performed at the time the need arises and the new policy will be reviewed in accordance with this procedure.
7. Progress on policy reviews will be tracked by the Board Secretary, and the Board will receive reports from the Board Secretary on progress and items for consideration and possible actions required to complete the reviews and, if needed, policy updates.

ATTACHMENT A

Fair Oaks Ranch Municipal Development District
Policy Review Procedure Tracking Log Template

Policy	Owner	Review Cycle	Assigned to Owner	Reviewed by Board	Status
Name of policy	*Name of Board member(s) responsible for the policy*	*In accordance with Item 3. Of the Procedure*	*Date assigned to owner (standard is date of July meeting)*	*Date that results of review are brought to Board for consideration or information*	• *Review pending* • *Board consideration pending* • *Complete*
Rules of Procedure	Board President				
Financial Management	Treasurer				
Investments	Treasurer				
Project Evaluation	Treasurer				

MUNICIPAL DEVELOPMENT DISTRICT BOARD OF DIRECTORS REPORT
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Investment Report and Financial Update for the Quarter Ended June 30, 2026
DATE:	July 8, 2026
DEPARTMENT:	Municipal Development District
PRESENTED BY:	Mike Lovelace, MDD Treasurer

INTRODUCTION / BACKGROUND:
Pursuant to Texas Government Code Section 2256.023 and Section 11 of the MDD's Investment Policy, the Investment Officer is required to prepare and submit a written quarterly report to the MDD Board detailing the District's investment assets and the market value of those investments. The attached presentation is provided in fulfillment of the third-quarter reporting requirements for Fiscal Year 2025–26 and summarizes the District's investment activity, portfolio composition, and overall financial position.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:
Regular review and reporting of the MDD's investment portfolio is a key component of prudent financial management and ensures ongoing compliance with the District's adopted Investment Policy. Quarterly reporting provides transparency, allows the Board to monitor performance and risk, and confirms that public funds are being invested in a manner that prioritizes safety, liquidity, and yield for the benefit of the community.

LONGTERM FINANICAL AND BUDGETARY IMPACT:
Through the third quarter of the fiscal year, the District collected $337,300 in sales tax revenue and has accrued an additional $84,000 for the months of May and June. Interest earnings for the quarter totaled $37,769, bringing year-to-date interest earnings to $112,481.

Based on actual collections through April, the projected sales tax revenue has decreased slightly from the prior quarter's forecast due to lower-than-expected collections in February and March compared to the same period last year. Despite this adjustment, total sales tax revenue is still projected to exceed the prior year's actual collections by approximately 3.5%. Interest earnings are projected to meet budget and continue to benefit from investment rates that have remained relatively stable. The anticipated reduction in interest rates assumed in the budget has not yet occurred during the current fiscal year.

Year-to-date expenditures total $38,807, primarily reflecting the annual management fee paid to the City, audit services, and legal fees.

Overall, the District is projected to increase its fund balance by approximately $643,000 by year-end. This projection assumes expenditure of the budgeted $25,000 small grant award. If those funds are not awarded during the current fiscal year, the projected year-end fund balance would increase by approximately $668,000.

As of June 30, 2026, the District's investments are held in two local government investment pools with a combined balance of approximately $4.14 million, and the operating account balance is $33,228.

Fair Oaks Ranch
Municipal Development District
Quarterly Financial & Investment Report

For the Quarter Ended
June 30, 2026

Prepared by:

signature on file

Summer Fleming, MDD Investment Officer

Fair Oaks Ranch Municipal Development District
Statement of Revenues and Expenditures
Budget and Actual
For the Period Ended June 30, 2026

	FY 2026 Adopted Budget	FY 2026 9-Month Actual	FY 2026 12-Month Projected	Budget Variance Positive (Negative)
Beginning Fund Balance	3,763,134	3,763,134	3,763,134	
Revenues				
Local Sales Tax	554,320	421,299	560,000	5,680
Interest	150,000	112,481	150,000	-
Total Revenue	704,320	533,780	710,000	5,680
Expenditures				
Supplies	250	203	250	-
Training/Seminars	500	-	-	500
Attorney	3,500	688	2,200	1,300
Auditor	4,850	4,850	4,850	-
Professional Services	34,650	33,016	34,650	-
Insurance	50	50	50	-
Grant Awards	25,000	-	25,000	-
Total Expenditures	68,800	38,807	67,000	1,800
Revenues over/(under) expenditures	635,520	494,973	643,000	7,480
Ending Fund Balance	4,398,654	4,258,107	4,406,134	

Ending Fund Balance Detail	Budget	Actual	Projected
Operating	50,000	50,000	50,000
Infrastructure - Assigned	4,348,654	4,208,107	4,356,134
Infrastructure - Committed	-	-	-
	4,398,654	4,258,107	4,406,134

Fair Oaks Ranch Municipal Development District
Investment Report
For the Quarter Ended June 30, 2026

Description	Beginning Balance	Ending Balance	Market Value	QTR Interest	Fiscal YTD Interest	Avg Yield	Weighted Avg Maturity
Frost Bank	33,020	33,228	33,228	208	690	N/A	N/A
TexPool	1,644,746	1,792,292	1,792,292	15,627	44,292	3.64%	47 Days
Texas Class	2,327,339	2,349,273	2,349,273	21,934	67,499	3.76%	55 Days
Total	4,005,105	4,174,793	4,174,793	37,769	112,481		

Interest Rate Comparison

Qtr Ended	TexPool	Texas CLASS	3 Month T-bill	6 Month T-bill	2 Year Treasury Note
Sep-25	4.29%	4.38%	3.95%	3.84%	3.57%
Dec-25	3.99%	4.11%	3.54%	3.50%	3.46%
Mar-26	3.69%	3.81%	3.61%	3.59%	3.80%
Jun-26	3.64%	3.76%	3.74%	3.85%	4.19%

12-Month Average	3.90%	4.02%	3.71%	3.70%	3.75%

CITY OF FAIR OAKS RANCH
MUNICIPAL DEVELOPMENT DISTRICT

MDD Strategic Planning Process

July 8, 2026

Scott M. Huizenga, MPA, ICMA-CM
City Manager

Purpose of Today's Discussion

Introduce the strategic planning process and confirm how the Board wants to proceed

- Staff is not asking the Board to adopt a plan today.
- The Board may use today's discussion to identify process preferences and questions.
- The planning effort is anticipated to begin in October.

Introduce Process → **Gather Direction** → **Prepare Materials** → **Begin Planning**

Why Develop a Strategic Plan

A strategic plan will:

- Establish the Board's long-term priorities
- Align MDD initiatives with community needs
- Support annual budget and project planning
- Provide a framework for evaluating future opportunities
- Coordinate MDD efforts with the City's adopted Strategic Plan

A plan creates direction before individual funding decisions are considered.

Foundation Already Established

- Board members participated in a strategic brainstorming discussion
- Initial priorities and project concepts were identified
- Staff compiled and documented discussion topics
- Legal counsel reviewed MDD authority and eligible activities
- The strategic planning process will refine and prioritize these ideas

Draft concepts are starting points for evaluation, not adopted priorities.

Preliminary Project Concepts Reviewed

Draft concepts discussed or reviewed at a preliminary level; not adopted priorities or funding commitments.

Board-Generated Draft Concepts

- Gateway features and entry monuments
- Parkway and right-of-way beautification
- Trail connections and walking/biking improvements
- Greenways, open space and land conservation concepts
- Veterans park or community recognition space
- Community center or shared-use community facility
- Recreation facilities or amenities
- FORHA partnership opportunities
- Water conservation programs or incentives
- Oak wilt prevention or tree preservation support
- Land acquisition for future development, redevelopment or annexation
- Public walkway underpass or other safety-related infrastructure

Legal Framework and Initial Eligibility Review

Primary Statutory Framework

Texas Local Government Code Chapter 377 and Sections 505.151–505.158 provide broad MDD project authority.

Initial Legal Review

The City Attorney reviewed the Board's initial draft concepts and found them generally within the MDD's broad funding authority.

Additional Topics Discussed

- Elevated storage tank infrastructure
- Fire facilities or public safety buildings
- Fire and EMS equipment
- Fire and EMS vehicles

Legal eligibility is the starting point. It does not determine priority, sequencing or strategic fit.

From Brainstorming to Strategy

The January brainstorming session produced a broad list of draft project concepts.

Those concepts are inputs to the process — not the plan itself.

Purpose → **Priorities** → **Goals** → **Objectives** → **Projects / Actions** → **Funding Decisions**

This sequence helps the Board move from a list of possible projects to a coordinated investment strategy.

STRATEGIC PLAN

PROCESS FUNNEL

The tasks, timelines, and responsibilities needed for implementation.

The outcomes the City wants to achieve within each priority area.

The specific actions needed to move those goals forward.

Identify the broad areas the City will focus on most.

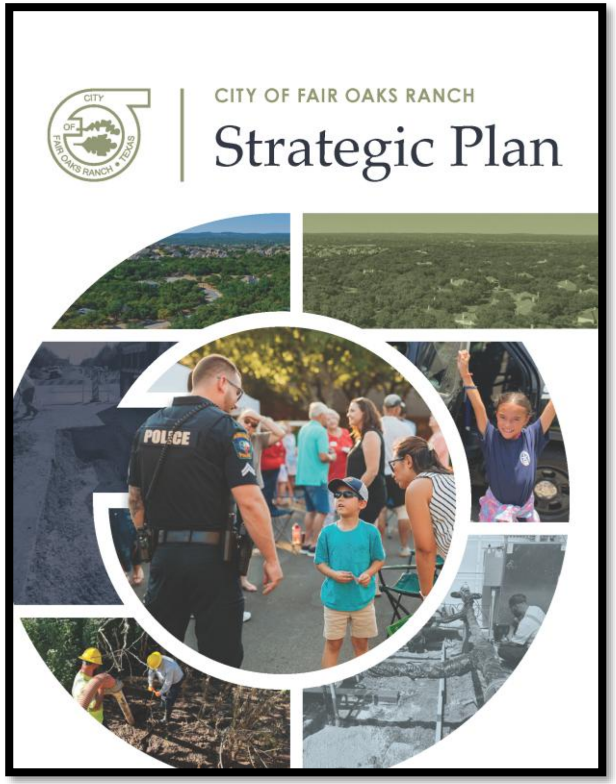
Together, these elements create a clear path from the City's big-picture priorities to the day-to-day work required to achieve them.

Building on Existing City Priorities

In 2026, the City Council adopted a Strategic Plan that established goals and objectives for City operations and capital planning.

The MDD Strategic Plan will:

- Complement the City's Strategic Plan
- Focus on the MDD's statutory purpose and responsibilities
- Identify areas where the MDD can support community goals
- Provide guidance for future MDD programs and investments



The MDD plan should not duplicate the City plan. It should identify how the MDD can contribute to broader community objectives.

City Strategic Plan Alignment

Responsible Growth Management

Targeted development, natural resources, water conservation and sustainable development

Reliable Infrastructure

Gateway features, right-of-way beautification, public facilities and infrastructure investments

Public Safety

Safety-related infrastructure, emergency services support and community safety initiatives

Community Engagement

Community amenities, civic participation and resident-facing programs

The City plan includes an objective to develop a community development strategy in partnership with the MDD, but the draft MDD list touches more than one City priority.

Aligning Draft MDD Concepts With the City Strategic Plan

Draft Concept	Potential Alignment	Planning Question
Targeted development / land acquisition	Responsible Growth Management	What analysis and strategy are needed before action?
Gateway features	Reliable Infrastructure	Which entrances, cost range, timing and maintenance role?
Parkway / right-of-way beautification	Reliable Infrastructure	Capital project, ongoing program or partnership?
Water conservation programs	Responsible Growth Management	What incentives are eligible and measurable?
Oak wilt prevention	Responsible Growth Management	Supplement City program or create separate initiative?
Trails / walking and biking connections	Infrastructure; Engagement	Who owns, operates and maintains improvements?
Community center / recreation facilities	Infrastructure; Engagement	What scope, operating model and long-term cost?
Veterans park / greenways / underpass	Growth; Safety; Infrastructure	Is there a defined need, location, cost and partner agency?

MDD as a Strategic Investment Partner

MDD Authority

Eligible uses and Board-directed priorities

City Priorities

Adopted plans, capital needs and community development goals

Community Benefit

Defined public benefit, feasibility and measurable outcomes

Strategic Investment: where eligible MDD resources can add value through aligned projects, partnerships and funding decisions.

Board Direction and Governance

- **The MDD acts through the Board as a body.**
  - Individual members may bring ideas forward, ask questions and identify opportunities.
  - Projects should advance through a coordinated process before funding consideration.

Idea → **Board Discussion** → **Staff / Legal Review** → **Strategic Alignment** → **Board Action**

This supports transparent decision-making and keeps future investments tied to the Board's adopted framework.

Developing the MDD Strategic Plan

MDD purpose and role

Strategic priorities

Goals and objectives

Eligible project categories

Evaluation criteria

Funding principles

Partnership opportunities

Implementation sequence

The final plan should provide intentionality and direction for future MDD decisions.

From "Eligible" to Strategic

- Statutory eligibility
- MDD-adopted goals
- Financial feasibility
- Maintenance responsibility
- Partner participation
- City Strategic Plan alignment
- Defined public benefit
- Capital and operating impact
- Implementation readiness
- Timing and sequencing

A project may be eligible but still require additional analysis before funding consideration.

Strategic Planning Outcomes

Strategic Plan → Budget Guidance → Project Pipeline → Implementation

- Clear MDD mission or purpose statement.
- Adopted strategic priorities, goals and objectives.
- Project evaluation criteria and funding principles.
- Preliminary project pipeline and repeatable process for new opportunities.

Planning Process Options

Option 1: Staff-Facilitated Process

City staff facilitates Board discussions, prepares agendas and materials, drafts plan documents and coordinates legal review as needed.

Option 2: Third-Party Facilitated Process

The MDD retains an outside facilitator, which may be the City's strategic planning consultant or another qualified firm.

Under either approach, staff can support background information, legal coordination and alignment with adopted City plans.

Either path should result in a Board-adopted plan with priorities, goals, objectives, project criteria and implementation guidance.

Tentative Schedule

Timeframe	Activity
October	Strategic Planning Kickoff Workshop
October	Board Discussion and Goal Development
November	Draft Strategic Plan Preparation
December	Board Review and Refinement
January	Strategic Plan Adoption

Next Steps

- Confirm whether the Board prefers a staff-facilitated or third-party facilitated process
- Procure external facilitator and resources (if necessary)
- Staff will prepare materials for the kickoff workshop
- Strategic planning discussions are anticipated to begin in October
- Final plan will be presented for Board consideration and adoption

Board members will provide feedback throughout the process

July Discussion → Staff Preparation → October Workshop → Draft Plan → Board Adoption

Key Takeaway

The MDD has broad authority and meaningful resources.

The strategic planning process will help the Board determine how to use those resources with intentionality and direction.

Eligible projects should be guided by adopted priorities, not by opportunity alone.

The goal is to define **what** the MDD is trying to accomplish, **how** projects will be evaluated and **where** MDD investment can produce the greatest public benefit.

Discussion