CITY OF FAIR OAKS RANCH

# MUNICIPAL DEVELOPMENT DISTRICT MEETING

Wednesday, April 14, 2021 at 4:00 PM
Via Zoom Videoconference

# AGENDA

## VIRTUAL MEETING NOTICE

**There exists a public health emergency related to the COVID-19 VIRUS that necessitates a meeting of the Municipal Development District to take place via videoconference pursuant to government code chapters 551.127, as modified by executive order of the Governor.**

**Zoom Videoconference Link:** https://www.zoomgov.com/j/1601083736
**Phone in number:** US: +1 669 254 5252 or +1 646 828 7666 or 833 568 8864 (Toll Free)
**Webinar ID:** 160 108 3736

If you wish to address the board, please select *9 on your phone, this will place you in a queue for speaking. At the appropriate time, the City Secretary will call upon each individual separately. *6 will unmute your phone to allow you to speak.

## OPEN MEETING

Roll Call - Declaration of a Quorum

## CITIZENS and GUEST FORUM

To address the MDD Board, please select *9 on your phone; this will place you in a queue for speaking. At the appropriate time the City Secretary will call upon each individual separately. Select *6 to unmute your phone to speak. 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.

1. Citizens to be Heard.

## PRESENTATIONS

2. Introduction of the new MDD board member representing FORHA, Rene Gallegos.

Al McDavid, MDD President

## CONSENT AGENDA

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

Roy Elizondo, MDD Secretary

## CONSIDERATION / ACTION ITEMS

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

Michael Del Toro, ABIP Partner
Sarah Buckelew, CPA, MDD Investment Officer
Mike Lovelace, MDD Treasurer

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

Roy Elizondo, MDD Secretary

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.

Mike Lovelace, MDD Treasurer
Sarah Buckelew, CPA, MDD Investment Officer

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

Dan Santee, City Attorney

**REPORTS**

8. Update on the Civic Center.

Carole Vanzant, TRMC, CPM, Assistant City Manager

9. Quarterly Financial & Investment Report - Q1 2021.

MDD Investment Officer

**ADJOURNMENT**

Next quarterly meeting: July 14, 2021. (Special meetings called as needed)

Al McDavid, President

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Signature of Agenda Approval: s/ Al McDavid
Al McDavid

I, Christina Picioccio, 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, April 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. The City Council reserves the right to convene into Executive Session at any time regarding an issue on the agenda for which it is legally permissible; pursuant to Texas Government Code Chapter 551. Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

# City of Fair Oaks Ranch Municipal Development District
## Regular Meeting Minutes
**Wednesday, January 13, 2021 at 4:00 PM**
**Videoconference Meeting**
**7286 Dietz Elkhorn, Fair Oaks Ranch, TX 78015**

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

Members Present: Al McDavid, Roy Elizondo, Laura Koerner, Nick DiCianni, Mike Lovelace, and Carolyn Knopf.

Absent: Brad Dutton.

With a quorum present the Municipal Development District Board meeting was called to order at 4:05 PM.

**II. Guest Comments / Presentations**

A. No guests spoke.

**III. Consent Agenda**

A. **Approval of the October 14, 2020 Regular MDD Board Meeting Minutes.**

MOTION: Made by Nick DiCianni, seconded by Roy Elizondo to approve the consent agenda.

VOTE: 6-0; Motion Passed.

**IV. Consideration/Action Items**

A. **Consideration and possible action regarding the election of MDD Officers for Fiscal Year 2020/2021.**

MDD Attorney Dan Santee gave a brief overview of MDD and board member liability and indemnification. President McDavid facilitated the nomination of a slate of officers, as follows: For President Al McDavid; for Vice President Laura Koerner; for Treasurer Mike Lovelace; for Secretary Roy Elizondo.

***Brad Dutton joined the meeting at 4:24 PM.***

MOTION: Made by Laura Koerner, seconded by Roy Elizondo to elect the slate of MDD Board Officers.

VOTE: 7-0; Motion Passed.

B. **Consideration and possible action regarding upcoming regular MDD Board meeting dates.**

President McDavid reviewed the proposed meeting dates for regular board meetings through January 2022. Roy Elizondo proposed adding information to the meeting schedule to indicate, as reminders, the meetings where election of officers and review of policies should occur.

MOTION: Made by Carolyn Knopf, seconded by Laura Koerner to set the following for the known quarterly MDD regular meetings: April 14, 2021 at 4:00 PM, July 14, 2021 at 4:00 PM; October 13, 2021 at 4:00 PM, and January 12, 2022 at 4:00 PM.

VOTE: 7-0; Motion Passed.

C. **Discussion regarding input received on needed changes to the Municipal Development District (MDD) Bylaws.**

Al McDavid, MDD President, led a Board discussion about the MDD Bylaws. There was consensus of the Board for Roy Elizondo to work with the Assistant City Secretary to prepare a red-line version of the bylaws for consideration and possible action at a future meeting. No action was taken.

D. **Discussion regarding appointment of the Accounting Manager as Investment Officer for the MDD.**

Sarah Buckelew, MDD Finance Officer, presented the case for designating Summer Fleming, Accounting Manager for City of Fair Oaks Ranch, as the Investment Officer for the MDD. Based on the discussion, Ms. Buckelew agreed to bring a resolution for consideration and possible action to a future MDD Board meeting. No action was taken.

## V. Reports

A. **Update on the Civic Center.**

City Manager, Tobin Maples, 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.

B. **Quarterly Financial and Investment Report – Q4 2020.**

Sarah Buckelew, the MDD Finance Officer, presented to the MDD Board the Q4 2020 Quarterly Financial and Investment Reports. No action taken.

C. **Overview of the sales tax deposit process.**

Sarah Buckelew, the MDD Finance Officer, provided a history of how an allocation of sales tax was assigned to the MDD and the remittance of the proceeds to MDD.

## VI. Adjournment

President McDavid polled the attendees for items for future agendas. The following items were suggested: discussion and possible consideration of bylaws changes; review and possible consideration of a resolution to designate the City Accounting Manager as MDD Investment Officer; Muniservices professional services agreement; discussion and possible consideration of updating and reaffirming Board policies; presentation of annual financial statement audit.

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

Al McDavid adjourned the meeting at 5:54pm.

Al McDavid, President

ATTEST

Roy Elizondo, Secretary

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT CONSIDERATION ITEM

## CITY OF FAIR OAKS RANCH, TEXAS

**April 14, 2021**

AGENDA TOPIC: MDD Audit Report (FY 2019-20)

DATE: April 14, 2021

PRESENTED BY: Michael Del Toro, ABIP Partner

## INTRODUCTION/BACKGROUND:

The Board of the MDD requires that its financial statements are reviewed by an independent auditor on an annual basis.

## POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

An annual review of the financial records of the MDD serves as a check on the accuracy of records, compliance with accounting methods, and soundness of financial practices, including internal controls.

## LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

## LEGAL ANALYSIS:

N/A

## RECOMMENDATION/PROPOSED MOTION:

I move that the Board approve the MDD's 2019-2020 Audit Report.

abip
CPAs | ADVISORS

To the Board of Directors of
City of Fair Oaks Ranch Municipal Development District
City of Fair Oaks Ranch, Texas

We have audited the financial statements of the governmental activities and the major fund of the City of Fair Oaks Ranch Municipal Development District (the "District") for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 12, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2021.



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Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and the general fund budgetary schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the City of Fair Oaks Ranch Municipal Development District and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the District during the course of our audit.

ABIP, PC

San Antonio, Texas
March 4, 2021

# CITY OF FAIR OAKS RANCH
# MUNICIPAL DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

abip
CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

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## September 30, 2020

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of
City of Fair Oaks Ranch Municipal Development District
City of Fair Oaks Ranch, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Fair Oaks Ranch Municipal Development District (the "District"), a component unit of the City of Fair Oaks Ranch, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Fair Oaks Ranch Municipal Development District as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

ABIP, PC

San Antonio, Texas
March 4, 2021

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the City of Fair Oaks Ranch Municipal Development District (the "District"), a component unit of the City of Fair Oaks Ranch, Texas (the "City"), provides an overview of the District's financial activity for the fiscal year ended September 30, 2020. It should be read in conjunction with the accompanying financial statements.

### FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by $1,428,141 (net position) at September 30, 2020.
- The District's total revenues were $326,728, while total expenses were $35,945, thereby increasing the District's net position by $290,783.
- The District reported an ending fund balance of $1,428,141, an increase of $290,783.

### DISTRICT'S HIGHLIGHTS

The City of Fair Oaks Ranch Municipal Development District was formed on May 7, 2011 as a political subdivision of the State of Texas and the City of Fair Oaks Ranch in accordance with Chapter 377 of the Texas Local Government Code. It receives all of the proceeds from a 1/2 cent sales tax approved by a vote of the citizens in 2011 for economic development in the City of Fair Oaks Ranch and the Bexar County and Kendall County ETJ.

### USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of three parts: management's discussion and analysis, basic financial statements, and required supplementary information. The statement of net position and activities provide information on the District as a whole. The District's net position, the difference between assets and liabilities, provides one way to measure financial health or financial position of the District.

### Statement of Net Position

Table 1 shows all assets and liabilities of the District and is presented on the accrual basis of accounting. The total net position is $1,428,141 as of September 30, 2020.

TABLE 1
CITY OF FAIR OAKS MUNICIPAL DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30,

| | 2020 | 2019 |
|---|---|---|
| Cash and investments | $ 1,371,041 | $ 1,098,288 |
| Accounts receivable | 58,827 | 39,070 |
| Total assets | $ 1,429,868 | $ 1,137,358 |
| Accounts payable | $ 1,727 | - |
| Unrestricted net position | 1,428,141 | 1,137,358 |
| Total net position | $ 1,428,141 | $ 1,137,358 |

**Statement of Activities**

Table 2 shows summarized expenses and revenues of the District and is also presented on the accrual basis of accounting. General revenues consist primarily of the 1/2 cent sales tax the District collects from retail sales within The City of Fair Oaks Ranch.

TABLE 2
CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
CHANGE IN NET POSITION
SEPTEMBER 30,

| | 2020 | 2019 |
|---|---|---|
| General revenues | $ 316,733 | $ 236,151 |
| Investment income | 9,995 | 20,919 |
| Total revenues | 326,728 | 257,070 |
| Administrative expenses | - | 78 |
| Professional services | 35,895 | 32,702 |
| Insurance | 50 | 33 |
| Total expenses | 35,945 | 32,813 |
| Changes in net position | $ 290,783 | $ 224,257 |

**BUDGET ANALYSIS**

The District adopted a budget for the 2020 fiscal year with $249,000 in revenues and $249,000 in expenditures. Actual revenue exceeded the budget by $77,728, and actual expenditures were $213,055 less than the budget.

**ANALYSIS OF THE DISTRICT'S FUNDS**

There are currently no differences between the government-wide financial statements and the fund statements of the District.

**Description of Current and Expected Conditions** – The District has budgeted for $200,400 in revenues and $200,400 in expenditures for the 2021 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability to its taxpayers. If you have any questions about this report or need additional financial information, contact the City of Fair Oaks Ranch Municipal Development District at 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas 78015.

# BASIC FINANCIAL STATEMENTS

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## STATEMENT OF NET POSITION

### September 30, 2020

| | |
|---|---|
| ASSETS | |
| Cash and cash equivalents | $ 1,371,041 |
| Accounts receivable | 58,827 |
| Total assets | 1,429,868 |
| | |
| LIABILITIES | |
| Accounts payable | 1,727 |
| | |
| NET POSITION | |
| Unrestricted | $ 1,428,141 |

The accompanying notes are an integral part of these statements.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## STATEMENT OF ACTIVITIES

### For the year ended September 30, 2020

| | |
|---|---|
| REVENUES | |
| Sales taxes | $ 316,733 |
| Investment income | 9,995 |
| Total revenues | 326,728 |
| EXPENSES | |
| Professional services | 35,895 |
| Insurance | 50 |
| Total expenses | 35,945 |
| CHANGE IN NET POSITION | 290,783 |
| NET POSITION - BEGINNING | 1,137,358 |
| NET POSITION - ENDING | $ 1,428,141 |

The accompanying notes are an integral part of these statements.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## BALANCE SHEET

## September 30, 2020

| | | |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ | 1,371,041 |
| Accounts receivable | | 58,827 |
| Total assets | $ | 1,429,868 |
| | | |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | $ | 1,727 |
| | | |
| FUND BALANCE | | |
| Committed for: | | |
| Infrastructure improvements | | 600,000 |
| Assigned for: | | |
| Infrastructure improvements | | 728,141 |
| Unassigned fund balance | | 100,000 |
| Total fund balances | | 1,428,141 |
| | | |
| Total liabilities and fund balance | $ | 1,429,868 |

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION:

| | | |
|---|---|---|
| TOTAL FUND BALANCE | $ | 1,428,141 |
| TOTAL NET POSITION | $ | 1,428,141 |

The accompanying notes are an integral part of these statements.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### For the year ended September 30, 2020

| | | |
|---|---|---|
| REVENUES | | |
| Sales taxes | $ | 316,733 |
| Investment income | | 9,995 |
| Total revenues | | 326,728 |
| EXPENDITURES | | |
| Professional services | | 35,895 |
| Insurance | | 50 |
| Total expenditures | | 35,945 |
| Net change in fund balance | | 290,783 |
| BEGINNING FUND BALANCE | | 1,137,358 |
| ENDING FUND BALANCE | $ | 1,428,141 |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES:

| | | |
|---|---|---|
| NET CHANGE IN FUND BALANCE | $ | 290,783 |
| CHANGE IN NET POSITION | $ | 290,783 |

The accompanying notes are an integral part of these statements.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2020

(1) Summary of significant accounting policies

Financial reporting entity

The City of Fair Oaks Ranch Municipal Development District (the "District") is a political subdivision of the State of Texas and the City of Fair Oaks Ranch in accordance with Chapter 377 of the Texas Local Government Code. The District was created May 7, 2011 to act on behalf of the City for promotion, development and enhancement of economic development within the City of Fair Oaks Ranch. As a separate legal entity whose Board of Directors is appointed by, and whose budget must be approved by the City Council of the City of Fair Oaks Ranch, the District is considered a component unit of the City of Fair Oaks Ranch.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The financial statements present the financial position and results of operations of the District only.

Basis of presentation

The government-wide financial statements are presented in accordance with GASB 34, which mandates government-wide financial statements of net position and activities, and are presented on the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows. It also requires that fixed assets be recorded at cost less accumulated depreciation.

Governmental funds use the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Budgets

The District adopts annual operating, and, if necessary, capital budgets which are approved by the City Council. Formal budgetary accounting is employed as a management control. The budgets can be amended by the Board of Directors, subject to City Council approval. Actual expenditures cannot legally exceed budgeted appropriations at the fund level. All budgeted appropriations lapse at the end of each fiscal year.

Cash and cash equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

Sales tax revenue

In 2011, the citizens of the City of Fair Oaks Ranch approved by a vote an additional one-half of one percent (1/2 cent or $0.005) local sales and use tax to be used by the District for economic development within the City of Fair Oaks Ranch and the Bexar County and Kendall County ETJ.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2020

(1) Summary of significant accounting policies (continued)

Fund balance

Committed- represents amounts that can only be used for the specific purpose imposed by formal action of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned – represents amounts which the District intends to use for a specific purpose but do not meet the criteria of restricted or committed.

Unassigned – represents the residual balance that may be spent on any other purpose of the District.

When an expenditure is incurred for a purpose in which multiple classifications are available, the District considers assigned balances spent first before unassigned.

Net position

Net position represents the difference between assets and liabilities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Deposits and investments

Deposits

*Custodial credit risk* - at September 30, 2020, the carrying amount of the District's deposits in the bank was $52,442 and the bank balance was the same. The bank balance was fully covered by federal deposit insurance. All of the District's cash was fully collateralized.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowance investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statement disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District has adhered

(2) Deposits and investments (continued)

Investments (continued)

to the requirements of the Act. Investment practices of the District were in accordance with local policies. The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) money market mutual funds, and 4) eligible public funds investment pools.

The District's investments at September 30, 2020 were as shown below:

| | Rating | Value | Weighted Average Maturity (Days) |
|---|---|---|---|
| TexPool (valued at amortized cost) | AAAm | $ 1,318,599 | 36 |

Custodial credit risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All of the District's investments are held by its agents in the District's name.

Interest rate risk

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to less than 13 months. The District's investment policy limits the final stated maturity of any security to no more than two years. As a matter of policy, the District holds all investments to maturity.

Credit risk

The District's investment policy states that investments in local government pools will be no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

Investment accounting policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2020

(2) Deposits and investments (continued)

Investments (continued)

Public funds investment pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. TexPool is an investment pool that meets these criteria.

(3) Litigation

Management of the District is not aware of any pending litigation.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

### For the year ended September 30, 2020

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts 2020 | Variance with Final Budget Positive (Negative) | Actual Amounts 2019 |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Sales taxes | $ 229,000 | $ 229,000 | $ 316,733 | $ 87,733 | $ 236,151 |
| Investment income | 20,000 | 20,000 | 9,995 | (10,005) | 20,919 |
| Total revenues | 249,000 | 249,000 | 326,728 | 77,728 | 257,070 |
| EXPENDITURES | | | | | |
| Administrative expenditures | 850 | 850 | - | 850 | 78 |
| Professional services | 47,750 | 47,750 | 35,895 | 11,855 | 32,702 |
| Insurance | 50 | 50 | 50 | - | 33 |
| Capital contribution | 200,350 | 200,350 | - | 200,350 | - |
| Total expenditures | 249,000 | 249,000 | 35,945 | 213,055 | 32,813 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 290,783 | 290,783 | 224,257 |
| FUND BALANCE - BEGINNING | 1,137,358 | 1,137,358 | 1,137,358 | - | 913,101 |
| FUND BALANCE - ENDING | $ 1,137,358 | $ 1,137,358 | $ 1,428,141 | $ 290,783 | $ 1,137,358 |

# CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

## September 30, 2020

Budgetary information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The District does not use encumbrances.

# CONSIDERATION ITEM
## CITY OF FAIR OAKS RANCH, TEXAS MUNICIPAL DEVELOPMENT DISTRICT
**April 14, 2021**

| | |
|---|---|
| AGENDA TOPIC: | Consideration and possible action regarding an update to the Fair Oaks Ranch Municipal Development District Bylaws. |
| DATE: | April 14, 2021 |
| PRESENTED BY: | Roy E. Elizondo, MDD Secretary |

**INTRODUCTION/BACKGROUND:**

At the January 13, 2021 regular meeting, the MDD Board considered comments that had been submitted my Board members for possible amendments to the bylaws. After discussion of the comments submitted, the Board requested that the Treasurer work with staff to prepare a red-lined version of amendments to the MDD bylaws for consideration and possible action at a future meeting.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Under the existing bylaws, the MDD Board is empowered to amend the bylaws. The amended bylaws are deemed to be effective on the date they are approved by the MDD Board. Periodic review and update to the bylaws helps to reasonably ensure proper governance of the MDD.

**LONG-TERM FINANCIAL & BUDGETARY IMPACT:**

Not Applicable

**LEGAL ANALYSIS:**

The MDD Board is authorized to amend the District's bylaws under the bylaws adopted on October 20, 2011.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve the proposed amendments to the Fair Oaks Ranch Municipal Development District Bylaws, as presented in the attached red-line draft, and to forward the amended bylaws to the City of Fair Oaks Ranch City Council to inform them of the amendments.

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

SECTION 1. REGISTERED OFFICE AND REGISTERED AGENT

The Fair Oaks Ranch Municipal Development District ("District") shall have and continuously maintain In the City of Fair Oaks Ranch ("City1') a registered office, which registered office shall be the depository for all records of the district, and a registered agent whose office is identical with such registered office. The Registered Agent for the District shall be the President of the District. The registered office of the District shall be 7286 Dietz Elkhorn, Fair Oaks Ranch, TX 78015 whose mailing address is the same.

SECTION 2. PURPOSE

The District is a political subdivision of the State of Texas and the City for the purposes set forth in the Bylaws, the same to be accomplished on behalf of the City as its duly constituted authority and instrumentality in accordance with Chapter 377 of the Texas Local Government Code ("Act"), other Applicable laws. The District was established for the purpose of developing and financing all permissible projects prescribed by the Act.

SECTION 3. POWERS

In the fulfillment of its purpose, the District shall be governed by the Act, and shall have all of the powers set forth and conferred in the Act, and in other applicable laws, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

## ARTICLE II
## BOARD OF DIRECTORS

SECTION 1. NUMBER AND TERM OF OFFICE

A. The property and affairs of the District shall be managed and controlled by the Board and subject to the restrictions imposed by law and these Bylaws. The Board shall exercise all of the powers of the District.

B. The Board shall consist of seven (7)-Directors, each of whom shall be appointed by the City Council of the City. Each of the Directors shall be a resident of the City of Fair Oaks Ranch or a resident of the City of Fair Oaks Ranch's Extraterritorial Jurisdiction.

C. Each member of the Board shall be appointed and serve two (2) years or until a successor is appointed as hereinafter provided. Two (2) members shall be persons who are members of the Fair Oaks Ranch City Council and one (1) member shall be a person who is a member of the Fair Oaks Ranch Homeowner's Board of Directors.

D. Any Director may be removed from office by the City Council at will.

SECTION 2. VACANCIES AND RESIGNATIONS

A vacancy in any position of Director which occurs by reason of death, resignation, disqualification, removal or otherwise shall be filled by the City Council. A Director may resign at any time. Such resignation shall be made in writing, addressed to the Mayor and the City Secretary, with a copy to the Board, and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the City Secretary. If a vacancy occurs within a term, the appointment will be for the unexpired term of the vacated position.

SECTION 3. MEETINGS

The Board will meet in a public place, and on a day and time as set forth by the President at a minimum of no less than each six (6) calendar months of each fiscal year. The President, or upon the President's incapacity, the Vice-President, may call special meetings of the Board of Directors at such time as may be required.

SECTION 4. QUORUM

A quorum shall consist of a majority of the non-vacant Board positions, which shall be present for the conduct of the official business of the District. The act of a majority of the Directors at a meeting at which a quorum is in attendance shall constitute an action of the Board and of the District.

SECTION 5. COMPENSATION OF DIRECTORS

The Directors, including Officers shall not receive any salary or compensation for their services, however, Directors may, with prior approval of the Board, be reimbursed for their actual expenses incurred in the performance of their duties hereunder, including but not limited to the cost of travel, lodging and incidental expenses reasonably related to the duties of the Board. Travel expenses incurred by Directors for both regular and special meetings are not eligible for reimbursement.

ARTICLE III
OFFICERS

SECTION 1. TITLES AND TERM OF OFFICE

The Board of Directors shall choose from its members a President, Vice-President, Secretary and a Treasurer. ~~The offices of Secretary and Treasurer may be combined with approval of a majority of the Board.~~

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

SECTION 2. POWERS AND DUTIES OF THE PRESIDENT

The President shall be the Chief Executive Officer of the District, and shall, subject to the authority of the Board, preside at all meetings of the Board, and absent any different designation by the majority of the Board, shall sign and execute all contracts, conveyances, franchises, bonds in the name of the District. In addition, the President shall:

A. Call both regular and special meetings of the Board and establish the agenda for such;

B. Have the right to vote on all matters coming before the Board;

C. Have the authority to appoint standing or study committees to aid and assist the Board in its business undertaking or other matters incidental to the operation and functions of the Board.

D. Perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the Board.

E. Appear before the City Council, or be represented by a designee, periodically to give a report on the status of the activities of the District; and

F. Appear before the City Council, or be represented by a designee, regarding any item being considered by the City Council concerning the District.

SECTION 3. VICE-PRESIDENT

The Vice-President shall exercise the powers of the President during that officer's absence or Inability to act. The Vice-President shall perform other duties as from time to time may be assigned by the President or the Board.

SECTION 4. SECRETARY

The Secretary shall insure that: the minutes of the Board and Its committees are recorded and retained as records of the District, all notices posted and served as required by law, the books, records and all documents and instruments are open to public inspection upon application at the office of the District during business hours. The Secretary shall attest the signature of the President or any other officer of the District.

SECTION 5. TREASURER

The Treasurer shall have the responsibility to ensure the proper handling, custody and security of all funds and securities of the District. The Treasurer may be required, at the expense of the District to give such bond for the faithful discharge of the duties in such form and amount as the Board may require by resolution. The Treasurer shall provide for financial reports of the District's activities in accordance with all statutory and MDD policy requirements. The Treasurer shall ensure compliance with the requirements under Article IV. Section 1: Annual Budget, and Section 2. Financial Books, Records, Audits

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

SECTION 6. CONFLICT OF INTEREST

The members of the Board of Directors shall be considered local public officials within the meaning of Chapter 171 of the Texas Local Government Code. If a Director has a substantial interest, as that term is defined in said Chapter, in a business entity or real property which is the subject of deliberation by the Board of Directors, the Director shall file an affidavit with the Secretary of the District stating the nature or extent of the interest. Such affidavit shall be filed prior to any vote or decision upon the matter of the Board of Directors, and if required by said Chapter, the interested Director shall abstain from any vote or decision upon the matter.

SECTION 7. IMPLIED DUTIES

The District is authorized to take such actions as it may deem reasonable or necessary to accomplish any of the purposes or duties set out in these Bylaws in accordance with the Act and any other applicable law.

## ARTICLE IV
## FUNCTIONAL DUTIES AND RESPONSIBILITIES
## GENERAL ECONOMIC DEVELOPMENT PLAN

The District may research, develop and prepare any Economic Development Plan for the City, which shall include proposed methods and the expected costs of implementation. The Plan shall include both short-term and long-term goals for the economic development of the City, proposed methods for the elimination of unemployment and under-employment, and the promotion of employment, through the expansion and development of a sound, retail and commercial base for and within the City. The District shall review and update the Plan each year prior to submission of the annual budget required by other provisions of these Bylaws.

SECTION 1. ANNUAL BUDGET

On or before July 15th of each year the Treasurer shall prepare and present a proposed budget of expected revenues and proposed expenditure for the next ensuing fiscal year to the Board. The fiscal year of the District shall commence on October 1st of each year and end on September 30th. The Budget shall be approved by the Fair Oaks Ranch City Council no later than the Council's regular September Council Meeting.

SECTION 2. FINANCIAL BOOKS, RECORDS, AUDITS

The Treasurer shall keep and properly maintain, in accordance with generally accepted accounting principles, complete financial books, records, accounts and financial statements pertaining to its funds, activities and affairs.

The District's financial books, records, accounts, and financial statements shall be audited at least once each fiscal year by an outside, independent auditing and accounting firm selected by the District. Such audit shall be at the expense of the District.

A copy of the final audit shall be filed with the City Secretary of the City of Fair Oaks Ranch.

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT

## ARTICLE V
## MISCELLANEOUS PROVISIONS

SECTION 1. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

As provided in the Act, the District is for the purpose of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit, and its actions are governmental functions. The District shall indemnify each and every member of the Board, its officers and its employees to the fullest extent permitted by law against any and all liability or expense, including attorney fees, incurred by any of such person by reason of any actions or omissions that may arise out of the functions and activities of the District. The indemnity shall apply even if one or more of those to be indemnified was negligent or caused or contributed to cause any loss, claim, action or suit.

Specifically, it is the intent of these Bylaws and the District to require the District to indemnify those named for indemnification, even for the consequences of the negligence of those indemnified which caused or contributed to cause any liability.

The District shall purchase and maintain insurance on behalf of any Director, Officer, employee or agent of the District, or on behalf of any person serving at the request of the District as a Board member, officer, employee or agent of another District, partnership, joint venture, trust or other enterprise, against any liability asserted against that person and incurred by that person in any such capacity or arising out of any such status with regard to the District, whether or not the District has the power to indemnify that person against liability for any of those acts.

SECTION 2. GIFTS

The Board may accept on behalf of the District any contribution, gift, bequest or device for the general purposes of the District.

SECTION 3. AMENDMENTS TO BYLAWS

The Board's Bylaws may be amended or repealed, and new Bylaws may be adopted by any affirmative vote of Five (5) of the authorized Directors serving on the Board.

SECTION 4. EFFECTIVE DATE

These Bylaws and any subsequent amendments hereto, shall be effective as of and from the date on which approval has been given by the Board of Directors of the Fair Oaks Ranch Municipal Development District.

I certify that I am the duly elected President of the Fair Oaks Ranch Municipal Development District, and these bylaws were duly adopted at the meeting of the Board of Directors held on April 14, 2021, and do constitute the Bylaws of the District.

President of the District ________________________________________

Signed this _____________ day of _________________, 2021.

**FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT**

ATTEST:

Secretary of the District ____________________________________

# DISCUSSION ITEM
## CITY OF FAIR OAKS RANCH, TEXAS MUNICIPAL DEVELOPMENT DISTRICT
**April 14, 2021**

| | |
|---|---|
| AGENDA TOPIC: | Discussion regarding appointing the Accounting Manager as the Investment Officer for the MDD |
| DATE: | April 14, 2021 |
| DEPARTMENT: | Fair Oaks Ranch Municipal Development District |
| PRESENTED BY: | Mike Lovelace, MDD Treasurer<br>Sarah Buckelew, CPA, Investment Officer/Finance Director |

## INTRODUCTION/BACKGROUND:

Chapter 2256 of the Government Code, also known as the Public Funds Investment Act ("PFIA"), defines the parameters under which a city may invest its public funds. Specifically, LGC Section 2256.005(f) requires that an entity investing public funds designate an investment officer to be responsible for administering the investment policy:

> "Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity.

In the past, per the MDD charter, the investment officer for the City of Fair Oaks Ranch has also acted as the investment officer for the MDD. It is the intent of the City for the Finance Director of the City, who also acts as the investment officer for the City, to remain the investment officer of the City, and to appoint a separate investment officer, who is more closely tied with the financial matters of the MDD, to act in a dedicated investment officer position.

Over the past year, the accounting and financial administration of the MDD have shifted to the Accounting Manager for the City, with the Finance Director as a high-level reviewer of activities. It is being proposed that the investment officer designation should be transferred to the Accounting Manager, with the Finance Director maintaining general review and oversight responsibilities.

The following additional responsibilities to the Board would include:

- Presentation of the Quarterly Financial Investment Report and Financial Update
- Presentation of the Annual Investment Policy Reaffirmation
- Presentation, with the external auditor, of the Annual Audit

## POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Having a dedicated investment officer that is most closely tied with the financial administration of the entity results in a more comprehensive responsibility assigned to the one individual, as well as a more efficient use of staff time.

**LONG-TERM FINANCIAL & BUDGETARY IMPACT:**

The bi-annual cost of PFIA training for the investment officer would be directly charged to the MDD. Currently the cost of PFIA training is shared by the City and the MDD, and charged indirectly through the annual management fee. The cost of the bi-annual training is variable depending on where the in-person classes are held. Recently, these classes have been offered virtually and are less expensive. The cost of the 2021 class is $350, and is effective for two years.

**LEGAL ANALYSIS:**

Not applicable

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve the appointment of Summer Fleming as investment officer for the Fair Oaks Ranch Municipal Development District.

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT CONSIDERATION ITEM

**CITY OF FAIR OAKS RANCH, TEXAS**

**April 14, 2021**

| | |
|---|---|
| AGENDA TOPIC: | Discussion on the impact of city annexations on the MDD sales tax assessment and collection boundaries. |
| DATE: | April 14, 2021 |
| PRESENTED BY: | Dan Santee, City Attorney |

**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. So that the city and the MDD have an up-to-date map which accurately reflects the MDD tax base, staff recommends the discussion and future ratification of said map (Exhibit A).

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

- The purpose of this discussion 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

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

Unknown

**LEGAL ANALYSIS:**

Chapter 377 of the Local Government Code addresses Municipal Development Districts. The City Attorney has reviewed the supportive documents and will lead the discussion.

**RECOMMENDATION/PROPOSED MOTION:**

Discussion item only. No action required.

# ORDER 2011-01

## THIS ORDER EXECUTED BY THE FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT REDUCING THE MUNICIPAL DEVELOPMENT DISTRICT BOUNDARY LINES

**WHEREAS**, on May 7, 2011, the City Council of the City of Fair Oaks Ranch, Texas held an election (the "Election") creating the Fair Oaks Ranch Municipal Development District (the "District") and authorizing imposition of a Municipal Development District (the "MDD") Sales and Use Tax (the "Tax) in accordance with the provisions of the Texas Tax Code, Chapters 321 and 327; and the Local Government Code, Chapter 377; and,

**WHEREAS**, the prior to the Election the City of Fair Oak Ranch submitted a map of the proposed District boundaries to the Texas Comptroller's Office for the purpose of determining the District's authority to impose the Tax; and,

**WHEREAS**, the Texas Comptroller's Office approved the establishment of the District's boundaries for the purpose of imposing the Tax; and,

**WHEREAS**, after the Election the Texas Comptroller's Office rescinded its previous opinion regarding the authority to impose a Tax within the established District boundaries; and

**WHEREAS**, the District is authorized by the Texas Local Government Code, section 377.101 to implement a sales and use tax within its boundaries; and,

**WHEREAS**, the District may not impose a sales and use tax if the adoption of the tax would result in a combined tax rate of all local sales and use taxes of more than two percent in any location in the district; and,

**WHEREAS**, the current District boundaries prohibit the District from exercising its power and authority to impose a sales and use tax as it would result in a combined tax rate of all local sales and use taxes of more than two percent in that portion of the District's boundaries within the City of Fair Oak Ranch extraterritorial jurisdiction located in Comal County; and,

**WHEREAS**, the Texas Local Government Code, section 377.071(a)(1) authorizes a District to perform any act necessary to the full exercise of the District's powers; and,

**WHEREAS**, the imposition of a sales and use tax is an act essential to the full exercise of the District's powers; and,

**WHEREAS**, the reduction and reformation of the Boundary's of the District is an act essential to the full exercise of the District's powers.

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

SECTION 1: That the Fair Oaks Ranch Municipal Development District boundaries be reduced and reformed as established in the attached Exhibit "A".

SECTION 2: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Fair Oaks Ranch Municipal Development District.

SECTION 3: This Order shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 4: If any provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Fair Oaks Ranch MDD hereby declares that this Order would have been enacted without such invalid provision.

SECTION 5: It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 8: This Order shall be in force and effect from and after its final passage, and it is so Ordered.

ADOPTED on this the 17TH day of NOVEMBER 2011.

APPROVED:

Conrad Fothergill

Conrad Fothergill, President

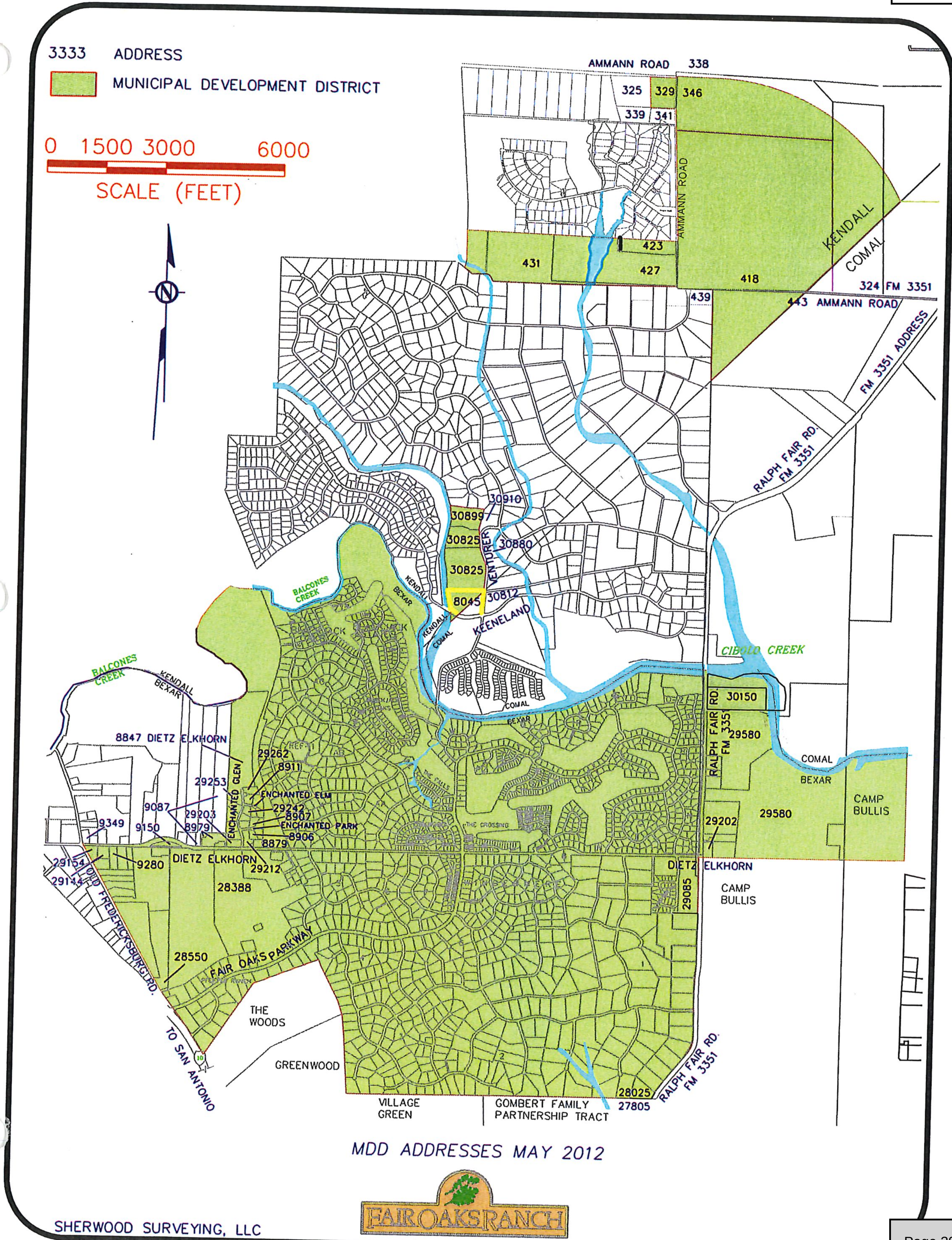
ATTEST:

David L. Fairhurst

David Fairhurst, Secretary

APPROVED AS TO FORM

Charles E. Zech, General Counsel


3333 ADDRESS
MUNICIPAL DEVELOPMENT DISTRICT
0 1500 3000 6000
SCALE (FEET)
N
AMMANN ROAD 338
325 329 346
339 341
AMMANN ROAD
423
431
427
418
KENDALL
COMAL
324 FM 3351
439
443 AMMANN ROAD
FM 3351 ADDRESS
RALPH FAIR RD. FM 3351
30910
30899
30825
30880
30825
VENTURER
8045
30812
KEENELAND
BALCONES CREEK
KENDALL
BEXAR
COMAL
CIBOLO CREEK
COMAL
BEXAR
30150
RALPH FAIR RD. FM 3351
29580
COMAL
BEXAR
CAMP BULLIS
29580
29202
BALCONES CREEK
KENDALL
BEXAR
8847 DIETZ ELKHORN
29262
8911
29253
ENCHANTED GLEN
ENCHANTED ELM
9087
29242
29203
8907
ENCHANTED PARK
9349
9150
8979
8906
8879
DIETZ ELKHORN
29154
9280
29212
29144
OLD FREDERICKSBURG RD.
28388
DIETZ ELKHORN
29085
CAMP BULLIS
28550
FAIR OAKS PARKWAY
TO SAN ANTONIO
THE WOODS
GREENWOOD
VILLAGE GREEN
GOMBERT FAMILY PARTNERSHIP TRACT
28025
27805
RALPH FAIR RD. FM 3351
MDD ADDRESSES MAY 2012
FAIR OAKS RANCH
SHERWOOD SURVEYING, LLC

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

February 28, 2018

Fair Oaks Ranch Municipal Development District
7286 Dietz Elkhorn Rd
Fair Oaks Ranch, TX 78015-4707

Dear Sir or Madam:

This is to inform you that the City of Fair Oaks Ranch has annexed what was previously unincorporated territory in Kendall County. As a result, the .50% Fair Oaks Ranch Municipal Development District sales and use tax will be abolished April 1, 2018 in the affected area.

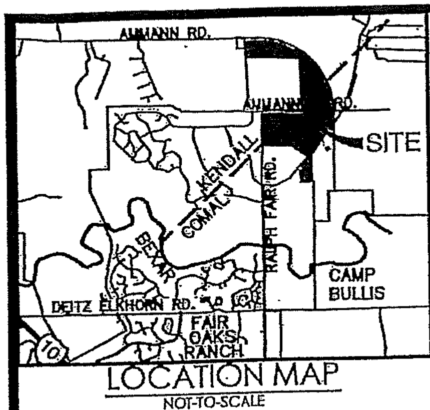
Enclosed for your reference are maps that indicate the area annexed by ordinance nos. 2017-15, 2017-18 and 2017-23.

If you have any questions or need more information, please call me toll free at 1-800-531-5441, ext. 51907. The direct number is 512-475-1907.

Sincerely,

Josh Hastie
Tax Allocation Section
Revenue Accounting Division

Enclosure




LOCATION MAP
NOT-TO-SCALE

NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF METES AND BOUNDS DESCRIPTION.
2. "THIS DOCUMENT WAS PREPARED UNDER 22TAC663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED."

LEGEND:

OPRCC OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS
DPRCC DEED AND PLAT RECORDS OF COMAL COUNTY, TEXAS
DRCC DEED RECORDS OF COMAL COUNTY, TEXAS
OPRKC OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS
DRKC DEED RECORDS OF KENDALL COUNTY, TEXAS

1,000' 0' 500' 1,000'

SCALE: 1"= 1,000'

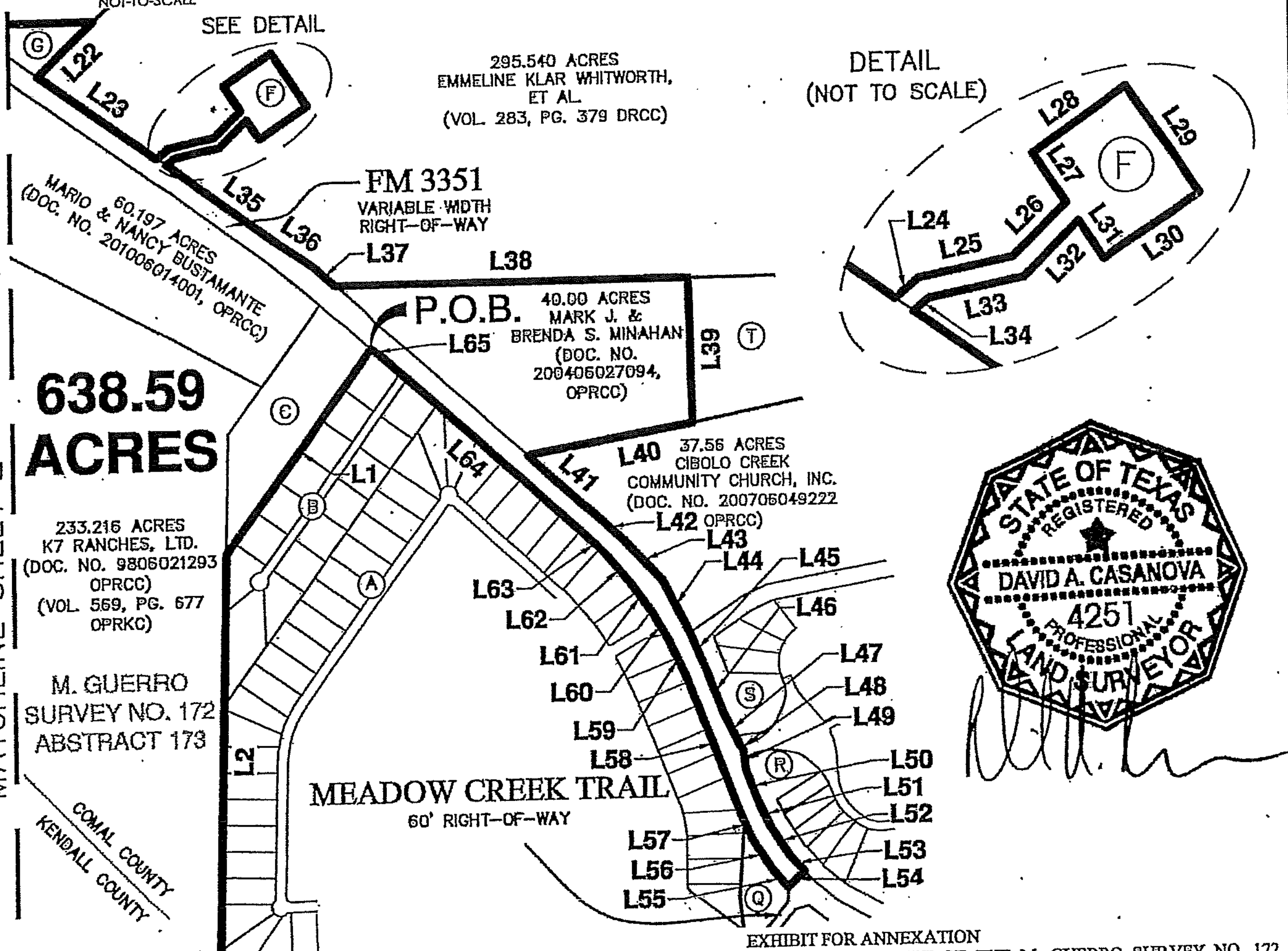



EXHIBIT FOR ANNEXATION

A 638.59 ACRE, MORE OR LESS, TRACT OF LAND OUT OF THE M. GUERRO SURVEY NO. 172, ABSTRACT NO. 173, AND THE D. BRADBURY SURVEY NO. 214, ABSTRACT NO. 989, BOTH OF COMAL COUNTY, TEXAS, AND OUT OF THE M. GUERRA SURVEY NO. 172, ABSTRACT NO. 178, THE D. BRADBURY SURVEY NO. 214, ABSTRACT NO. 33, AND THE W. D. LUSK SURVEY NO. 211, ABSTRACT NO. 306, ALL OF KENDALL COUNTY, TEXAS, BEING COMPRISED OF PORTIONS OF AMMANN ROAD AND FM 3351, A PORTION OF A 360.202 ACRE TRACT RECORDED IN DOMUMENT NUMBER 201006026758, OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS, ALL OF LOT 1 (3.391 ACRES) OF THE KLAR RANCH SUBDIVISION RECORDED IN VOLUME 10, PAGE 259, OF THE DEED AND PLAT RECORDS OF COMAL COUNTY, TEXAS, ALL OF A 40.00 ACRE TRACT RECORDED IN DOCUMENT NUMBER 200406027094, ALL OF A 10.00 ACRE TRACT RECORDED IN DOCUMENT NUMBER 200306019442, A PORTION OF A 60.197 ACRE TRACT RECORDED IN DOCUMENT NUMBER 201006014001, AND ALL OF A 2.064 ACRE TRACT RECORDED IN DOCUMENT NUMBER 200406037426, ALL OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS, ALL OF A 233.216 ACRE TRACT RECORDED IN DOCUMENT NUMBER 9806021293, OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS, AND VOLUME 569, PAGE 677, OF THE OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS, A PORTION OF A 341.733 ACRE TRACT RECORDED IN DOCUMENT NUMBER 200906043481, OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS, AND VOLUME 1195, PAGE 423, OF THE OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS, AND A PORTION OF A 131.013 ACRE TRACT RECORDED IN VOLUME 1197, PAGE 168, OF THE OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS.

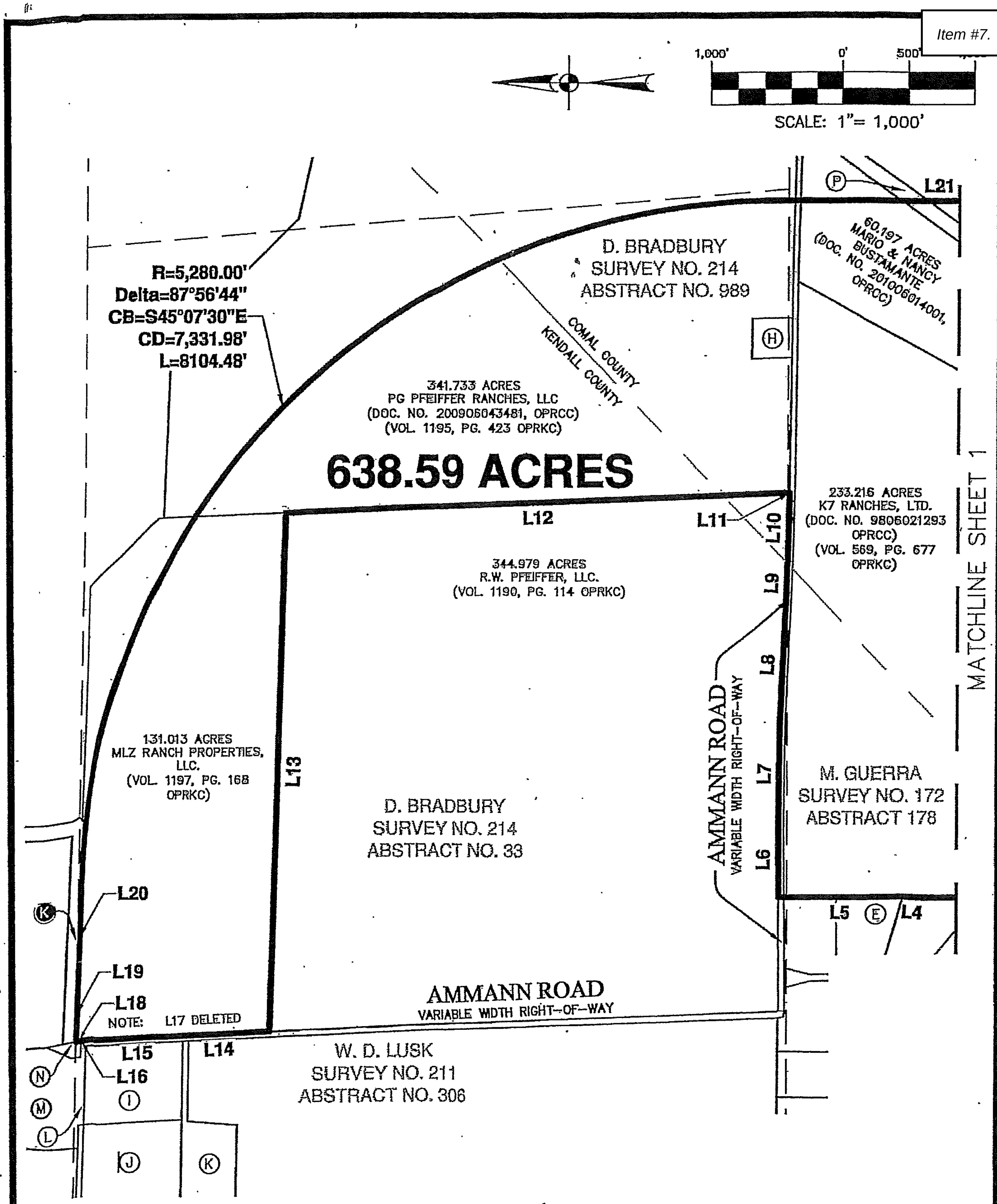
**PAPE-DAWSON ENGINEERS**

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

NOVEMBER 27, 2017

SHEET 1 OF 3
JOB No.: 9244-17

Date: Nov 28, 2017, 1:00pm User ID: DLeyendecker
File: N:\Survey17\17-9200\9244-17\9244-17 AX-638.59 AC TR 3-A.dwg




**PAPE-DAWSON ENGINEERS**

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

NOVEMBER 27, 2017

JOB No.: 9244-17

SHEET 2 OF 3

Date: Nov 28, 2017, 1:35pm User ID: dcasanova
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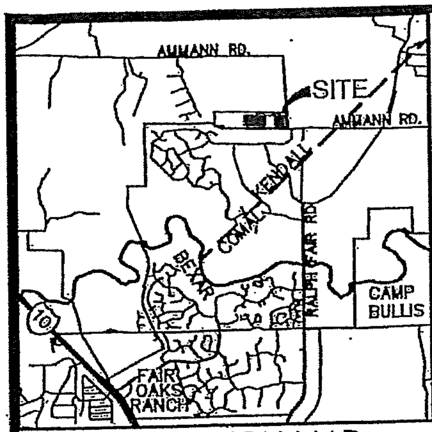



LOCATION MAP
NOT-TO-SCALE

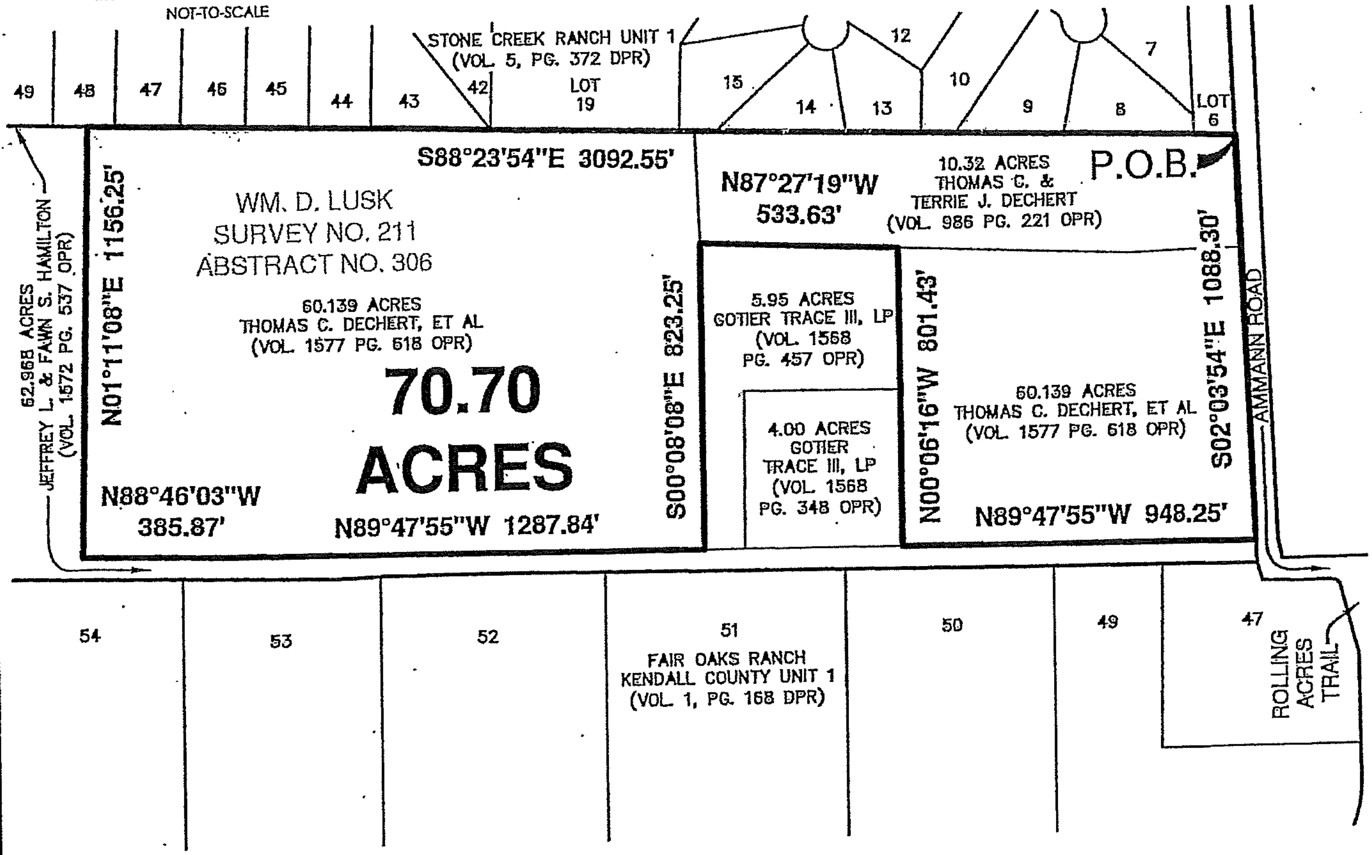
LEGEND:

DR DEED RECORDS OF KENDALL COUNTY, TEXAS
OPR OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS
DPR DEED AND PLAT RECORDS OF KENDALL COUNTY, TEXAS

NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF A METES AND BOUNDS DESCRIPTION.
2. "THIS DOCUMENT WAS PREPARED UNDER 22TAC663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED."

500' 0' 250' 500'
SCALE: 1"= 500'




STATE OF TEXAS
REGISTERED
DAVID A. CASANOVA
4251
PROFESSIONAL
LAND SURVEYOR

EXHIBIT FOR ANNEXATION

A 70.70 ACRE, MORE OR LESS, TRACT OF LAND COMPRISED OF THAT 60.139 ACRE TRACT RECORDED IN VOLUME 1577, PAGE 618, AND THAT 10.32 ACRE TRACT RECORDED IN VOLUME 986, PAGE 221, ALL OF THE OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS, OUT OF THE WM. D. LUSK SURVEY NO. 211, ABSTRACT NO. 306, OF KENDALL COUNTY, TEXAS.

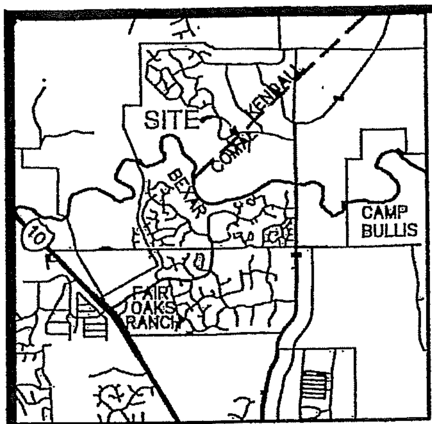
PAPE-DAWSON ENGINEERS

SAN ANTONIO I AUSTIN I HOUSTON I FORT WORTH I DALLAS
2000 NW LOOP 410 I SAN ANTONIO, TX 78213 I 210.375.9000
TBPE FIRM REGISTRATION #470 I TBPLS FIRM REGISTRATION #10028800

NOVEMBER 27, 2017

SHEET 1 OF 1
JOB No.: 9244-17

Date: Nov 27, 2017, 11:10am User ID: DLeyendecker
File: N:\Survey17\17-9200\9244-17\AX-70.70 AC TR 4A.dwg




LOCATION MAP

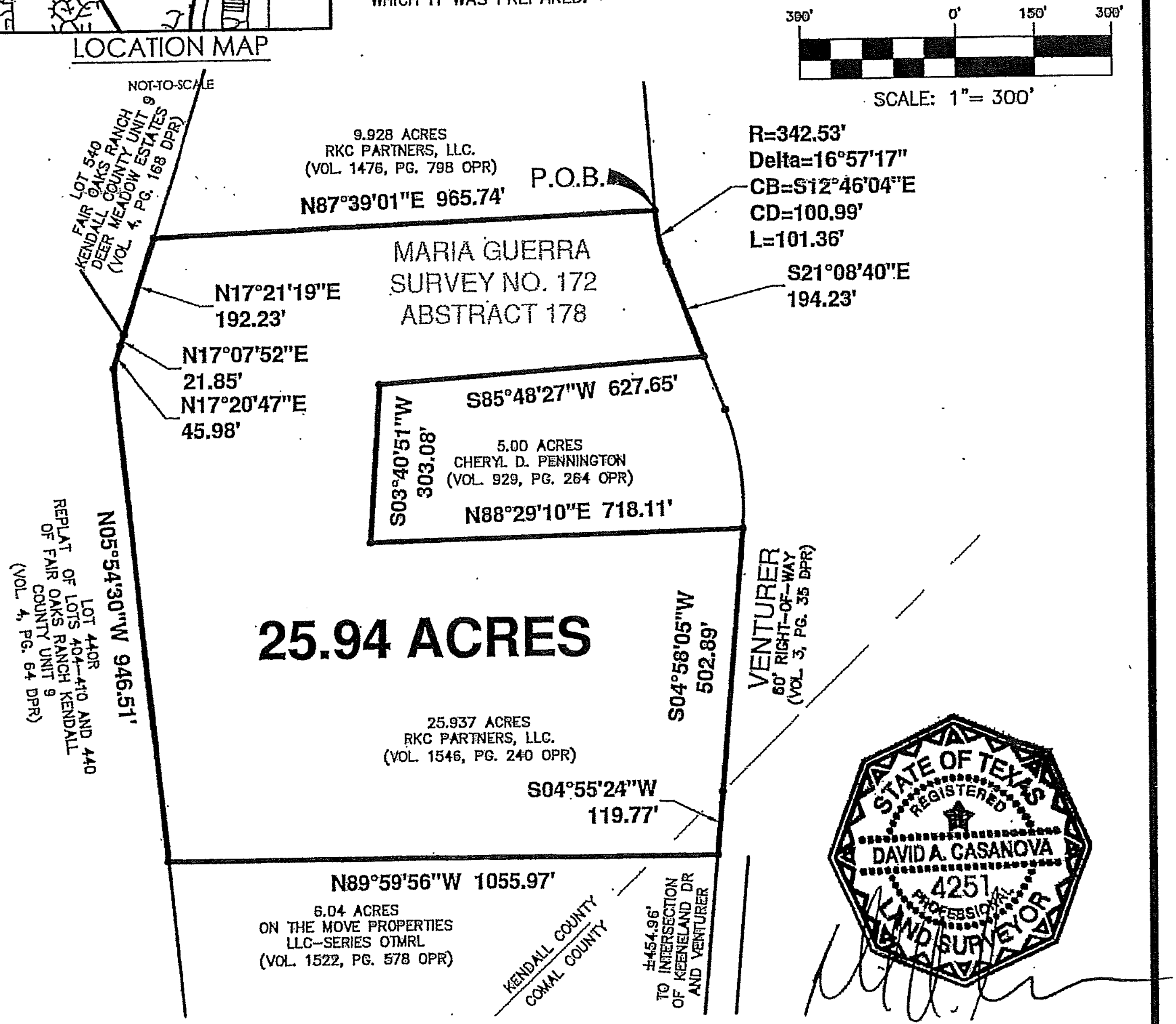
NOT-TO-SCALE

LEGEND:

DR DEED RECORDS OF KENDALL COUNTY, TEXAS
OPR OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS
DPR DEED AND PLAT RECORDS OF KENDALL COUNTY, TEXAS
FIR FOUND 1/2" IRON ROD

NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF A METES AND BOUNDS DESCRIPTION.
2. "THIS DOCUMENT WAS PREPARED UNDER 22TAC663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED."




**PAPE-DAWSON ENGINEERS**

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

EXHIBIT FOR ANNEXATION

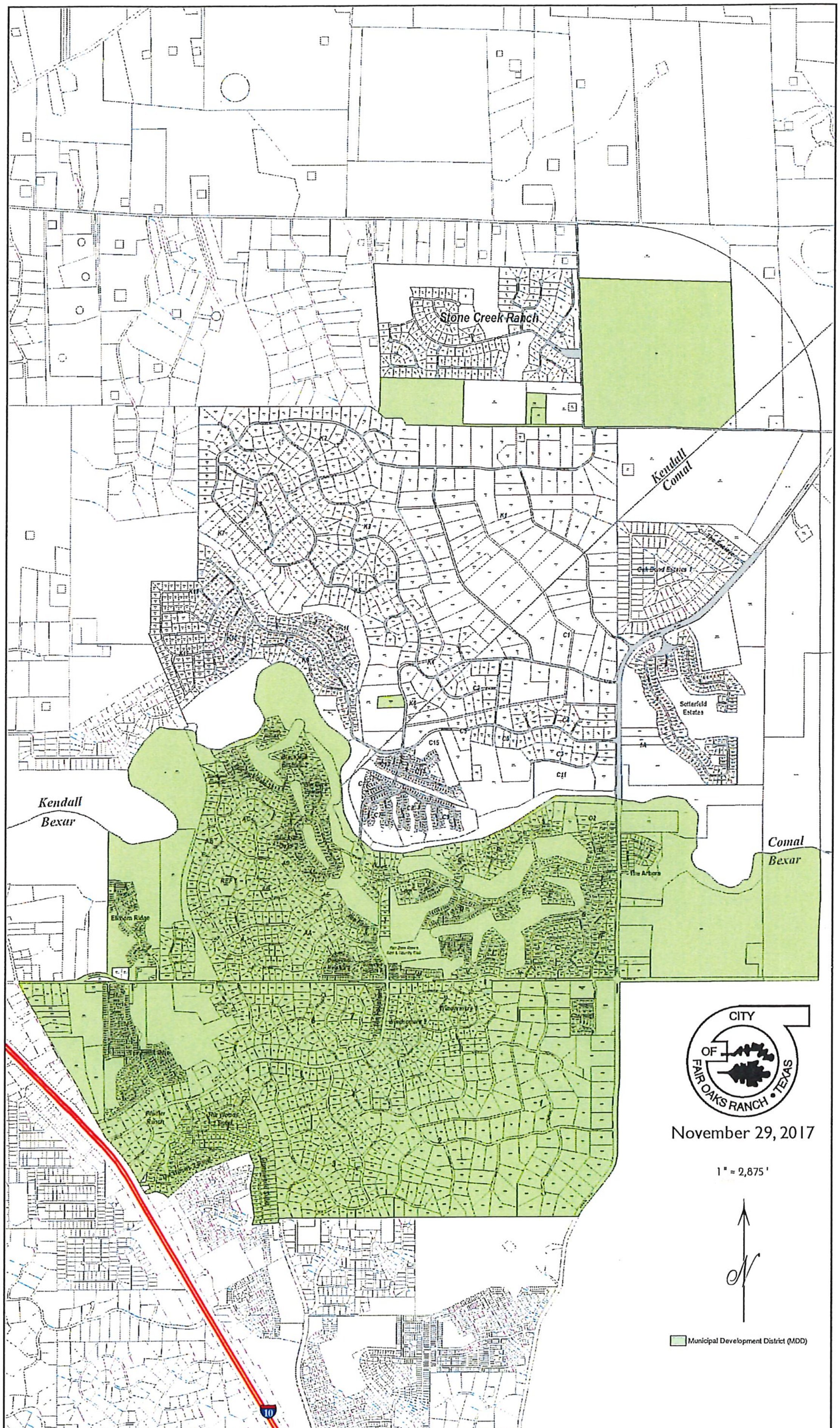
A 25.94 ACRE, MORE OR LESS, TRACT OF LAND BEING ALL OF THAT 25.937 ACRE TRACT DESCRIBED IN DEED TO RKC PARTNERS, LLC., RECORDED IN VOLUME 1546, PAGE 240 OF THE OFFICIAL PUBLIC RECORDS OF KENDALL COUNTY, TEXAS, OUT OF THE MARIA GUERRA SURVEY NO. 172, ABSTRACT 178, OF KENDALL AND COMAL COUNTY, TEXAS.

NOVEMBER 22, 2017

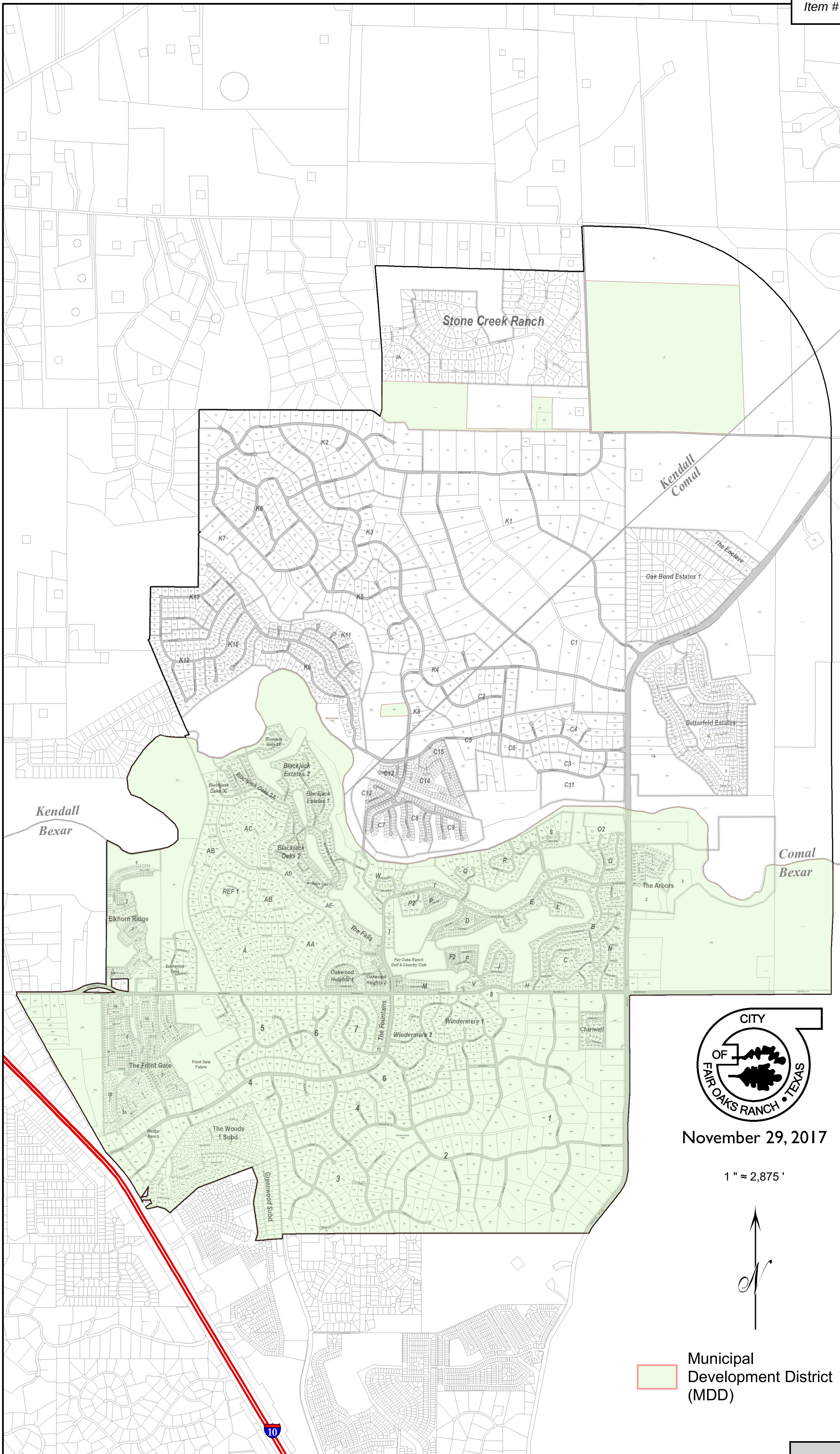
JOB No.: 9244-17

SHEET 1 OF 1

Date: Nov 25, 2017, 12:30pm User ID: dcasanova
File: N:\Survey17\17-9200\9244-17\9244-17 AX-25.94 AC.dwg




Tax Rate Eff. 4/1/201


Stone Creek Ranch
Kendall
Comal
Kendall
Bexar
Comal
Bexar
The Enclave
Oak Bend Estates 1
Setterfield Estates
Blackjack Estates 2
Blackjack Estates 1
Blackjack Oaks 3C
Blackjack Oaks 3A
Blackjack Oaks 2
Elkhorn Ridge
The Falls
The Arbors
Fair Oaks Ranch Golf & Country Club
Oakwood Heights 1
Oakwood Heights 2
The Fountains
Windermere 1
Windermere 2
Chartwell
The Front Gate
Front Gate Future
The Woods 1 Subd.
Greenwood Subd.
Pfeiffer Ranch
CITY OF FAIR OAKS RANCH • TEXAS
November 29, 2017
1 " ≈ 2,875 '
N
Municipal Development District (MDD)
10

# FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT
## CONSIDERATION ITEM
### CITY OF FAIR OAKS RANCH, TEXAS
**April 14, 2021**

AGENDA TOPIC: Quarterly Financial & Investment Report – Q1 2021

DATE: April 14, 2021

PRESENTED BY: 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 Q1 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

## March 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 Q1 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.

Sarah Buckelew

Sarah Buckelew
Director of Finance

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

# Fair Oaks Ranch MDD

## Financial Summary

### Municipal Development District
### Revenue & Expense Report
### March 31, 2021

| | Budget | Year-to Date Actual | Percent of Budget | Budget Surplus / (Deficit) |
|---|---|---|---|---|
| Revenues: | | | | |
| Local Sales Tax | 190,400 | 145,288 | 76.3% | (45,112) |
| Interest | 10,000 | 545 | 5.5% | (9,455) |
| **Total Revenue** | **200,400** | **145,833** | **72.77%** | **(54,567)** |
| | | | | |
| Expenditures: | | | | |
| Supplies | 250 | - | 0.00% | 250 |
| Training/Seminars | 500 | 350 | 70.00% | 150 |
| Miscellaneous | 100 | - | 0.00% | 100 |
| Attorney | 9,300 | 1,223 | 13.15% | 8,078 |
| Auditor | 5,000 | 3,900 | 78.00% | 1,100 |
| Professional Services | 33,450 | 30,150 | 90.13% | 3,300 |
| Insurance | 50 | 50 | 100.00% | - |
| Transfer to Capital Improvements | 151,750 | - | 0.00% | 151,750 |
| **Total Expenditures** | **200,400** | **35,673** | **17.80%** | **164,728** |
| | | | | |
| **Revenue Over / (Under) Expenditures** | **-** | **110,160** | | **110,161** |

# Fair Oaks Ranch MDD

## Financial Summary

### Municipal Development District
### Balance Sheet
### March 31, 2021

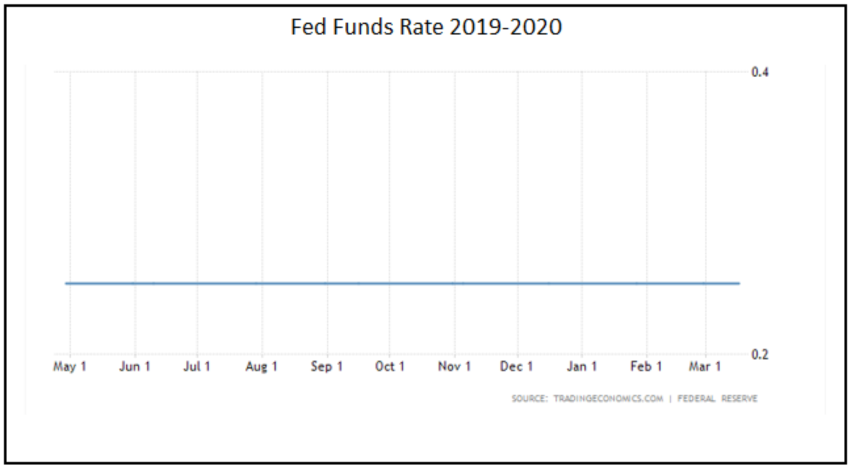
| | | | |
|---|---|---|---|
| Assets | | | |
| Frost Bank | 95,841 | | |
| TexPool | 1,443,254 | | |
| Accrued Receivables | - | | |
| Due from Fair Oaks Ranch | - | | |
| Total Cash & Investments | | 1,539,095 | |
| **Total Assets** | | | 1,539,095 |
| Liabilities | | | |
| Due to City of Fair Oaks | 794 | | |
| Accounts Payable | - | | |
| | | 794 | |
| Fund Balance | | | |
| Fund Balance | 100,000 | | |
| Infrastructure Improvements - Assigned | 728,140 | | |
| Infrastructure Improvements - Committed | 600,000 | | |
| Total Fund Balance | | 1,428,141 | |
| Total Revenues | 145,833 | | |
| Total Expenses | 35,673 | | |
| Excess Revenue over Expenses | | 110,160 | |
| **Total Liabilities & Fund Equity** | | | 1,539,095 |

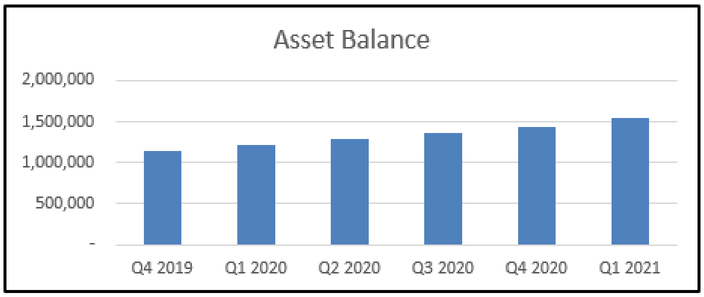
Item #9.

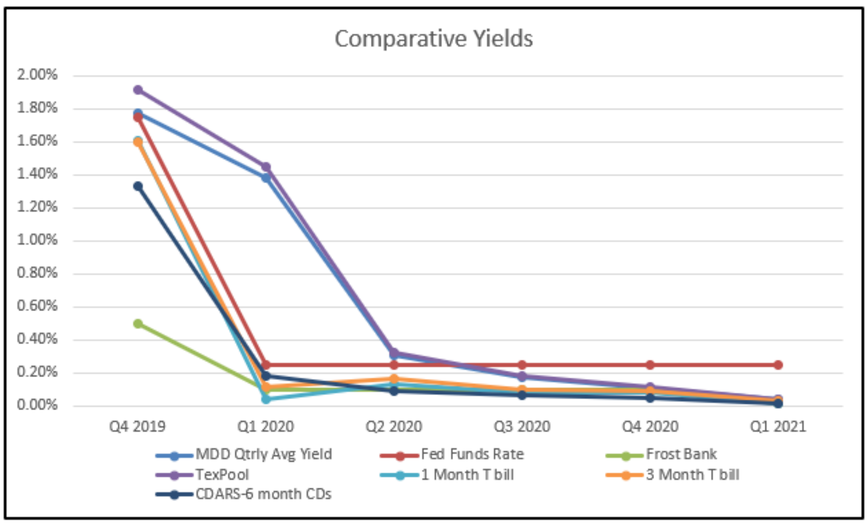
# Fair Oaks Ranch MDD

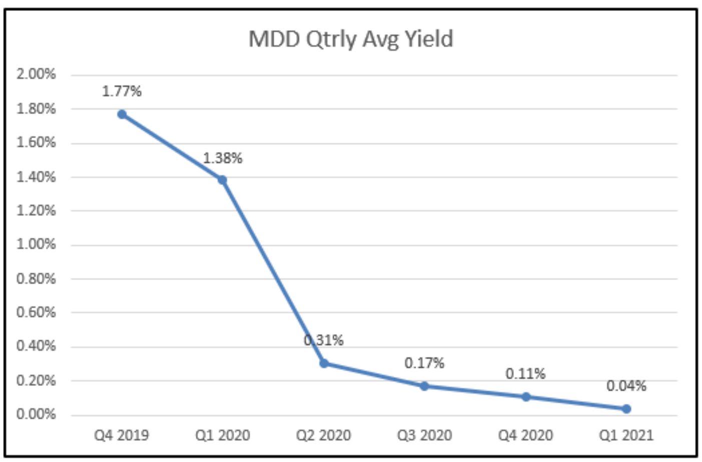
## Investment Report

| Investment Inventory 1/1/2021 - 3/31/2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 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% | 99,739 | - | 2 | 95,841 | 95,841 | - | - | - |
| Texpool - Operations Account | 0.040% | 1,341,156 | 101,937 | 161 | 1,443,254 | 1,443,254 | - | 33 days | - |
| | TOTAL | 1,440,895 | 101,937 | 163 | 1,539,095 | 1,539,095 | | | |




**Key Trends**

- The Federal Reserve left the target range for its federal funds' rate unchanged at 0-0.25% during its March meeting and signaled a strong liklihood that there may be no rate hikes through 2023.

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

* Weighted Average Maturity

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 Weighted Average Maturity of these investments is in compliance with the City's policy.