I. Roll Call – Declaration of a Quorum

II. Guest Comments
(In accordance with the Open Meeting Act, the MDD board may not discuss or take action on any item which has not been posted on the agenda).

A. Guests to be heard.

III. Presentation

A. Presentation regarding requirement to use city e-mail accounts for the MDD Board of Directors.

MDD Attorney

IV. Consent Agenda

A. Approval of the October 16, 2019 Regular Meeting Minutes.

President

Pgs. 2-3

V. Reports


MDD Investment Officer

Pgs. 4-10

VI. Consideration/Action Items

A. Consideration and possible action regarding the election of MDD Officers for Calendar Year 2020.

President

Pg. 11

B. Consideration and possible action approving a resolution authorizing the MDD President to sign a new bank depository agreement with Frost Bank.

Treasurer/Investment Officer

Pgs. 12-14

C. Consideration and possible action setting the MDD Regular Meeting Schedule for Calendar Year 2020.

President

Pg. 15

VII. Adjournment

A. Next quarterly meeting TBD (See item VI C).

President

Signature of Agenda Approval: 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, being convenient and readily accessible to the general public at all times. Said Notice was posted by 4:00 PM January 10, 2020 and remained so posted continuously for at least 72 hours before said meeting was convened.
I. Roll Call - Declaration of a Quorum

Members Present: Al McDavid, Brad Dutton, Laura Koerner, Carolyn Knopf, and Faira Stevick.

Members Absent: Roy Elizondo and Chris Cook.

The Municipal Development District meeting was called to order at 4:00 PM.

II. Guest Comments

A. No guests spoke.

III. Consent Agenda

A. Approval of the July 17, 2019 Regular Meeting Minutes.

Nothing moved out of consent.

Motion passed by unanimous consent; 5-0.

IV. Reports


Sarah Buckelew, the MDD Finance Officer, presented the quarterly asset and investment report. No action required.

B. City Branding Committee Report

Laura Koerner gave an update on the City Branding Committee formation and recent discussions. No action required.

Roy Elizondo arrived at 4:10 PM.

V. Discussion /Action Items

A. Consideration and possible action authorizing the MDD President to sign a Professional Services Agreement for Auditing Services with ABIP, P.C.

Sarah Buckelew, the MDD Finance Officer, presented a Professional Services Agreement for Auditing Services with ABIP, P.C.

MOTION: Made by Roy Elizondo, seconded by Faira Stevick to approve authorization for the MDD President to sign the agreement.

VOTE: 6-0; Motion Passed.

B. Consideration and possible action authorizing the MDD President to sign the request for substitution and/or immediate withdrawal of any securities held by the Federal Reserve Bank of Boston in Joint Custody.

Sarah Buckelew, the MDD Finance Officer, presented the request for substitution and/or immediate withdrawal of any securities held by the Federal Reserve Bank of Boston in Joint Custody, as requested by Frost Bank as a paperwork clean-up action.
MOTION: Made by Roy Elizondo, seconded by Laura Koerner to approve authorization for the MDD President to sign the request.

VOTE: 6-0; Motion Passed.

C. Consideration and possible action authorizing the MDD President to sign a 3-month extension of the 2016 Bank Depository Agreement.

Sarah Buckelew, the MDD Finance Officer, presented a 3-month extension of the 2016 Bank Depository Agreement to allow more time to review the new fee structure.

MOTION: Made by Carolyn Knopf, seconded by Brad Dutton to approve the authorization for the MDD President to sign the extension.

VOTE: 6-0; Motion Passed.

AMENDED MOTION: Made by Laura Koerner, seconded by Roy Elizondo to bring the motion back to the table.

VOTE: 6-0; Motion Passed

The MDD Board discussed amending the extension to 4 months versus 3 months since a 3-month extension ended before the next MDD Board meeting.

AMENDED MOTION: Made by Roy Elizondo, seconded by Fair Stevick to approve a 4-month extension of the 2016 Bank Depository Agreement.

VOTE: 6-0; Motion Passed

VI. Adjournment

Next meeting planned for Wednesday, January 15, 2020 at 4:00 PM at Fair Oaks Ranch City Hall.

Meeting was adjourned at 4:28 PM.

______________________________________________
Al McDavid, President

ATTEST

______________________________________________
Laura Koerner, Secretary
AGENDA TOPIC: Quarterly Financial & Investment Report- Q4 2019  
DATE: January 15, 2020  
DEPARTMENT: FOR Finance Department  
PRESENTED BY: MDD Investment Officer

INTRODUCTION/BACKGROUND: 
Pursuant to Texas Government Code Section 2256.023 and the MDD’s Investment Policy Section 11, the Investment Officer is required, on a quarterly basis, to prepare and submit to the MDD Board a written report of investment assets and the market value of the current investments. The attached presentation is being made to comply with the Q4 2019 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: 
Not applicable at this time.

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.
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:

* Preliminary Financial Results for Fiscal Year ended September 30, 2019.
* Quarterly Financial Summary through November 30, 2019

1. The Financial Summary section reports the performance of the operating fund of the MDD.

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

Please provide us with any comments or suggestions you may have. If you would like additional information, feel free to contact me.

Sarah Buckelew
MDD Investment Officer

7286 Dietz Elkhorn
Fair Oaks Ranch, TX  78015
210-698-0900
# Fair Oaks Ranch MDD
## Preliminary Financial Results
### For Fiscal Year ended September 30, 2019

*Unaudited*

## Municipal Development District
### Revenue & Expense Report
#### September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Year-to Date</th>
<th>Percent of Budget</th>
<th>Budget Surplus / (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sales Tax</td>
<td>195,000</td>
<td>236,151</td>
<td>121.1%</td>
<td>41,151</td>
</tr>
<tr>
<td>Interest</td>
<td>12,480</td>
<td>20,919</td>
<td>167.6%</td>
<td>8,439</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>207,480</td>
<td>257,070</td>
<td>123.90%</td>
<td>49,590</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>500</td>
<td>-</td>
<td>0.00%</td>
<td>500</td>
</tr>
<tr>
<td>Training/Seminars</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
<td>1,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>100</td>
<td>78</td>
<td>77.97%</td>
<td>22</td>
</tr>
<tr>
<td>Attorney</td>
<td>6,000</td>
<td>1,651</td>
<td>27.52%</td>
<td>4,349</td>
</tr>
<tr>
<td>Auditor</td>
<td>5,000</td>
<td>4,300</td>
<td>86.01%</td>
<td>700</td>
</tr>
<tr>
<td>Professional Services</td>
<td>26,750</td>
<td>26,750</td>
<td>100.00%</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>50</td>
<td>33</td>
<td>66.64%</td>
<td>17</td>
</tr>
<tr>
<td>Transfer to Capital Improvements</td>
<td>168,080</td>
<td>-</td>
<td>0.00%</td>
<td>168,080</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>207,480</td>
<td>32,813</td>
<td>15.82%</td>
<td>174,667</td>
</tr>
<tr>
<td><strong>Revenue Over / (Under) Expenditures</strong></td>
<td>-</td>
<td>224,257</td>
<td>224,257</td>
<td></td>
</tr>
</tbody>
</table>
### Municipal Development District
#### Balance Sheet
#### September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>9/30/2018</th>
<th>9/30/2019</th>
<th>Yr. Over Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frost Bank</td>
<td>25,799</td>
<td>86,510</td>
<td>60,711</td>
</tr>
<tr>
<td>TexPool</td>
<td>854,213</td>
<td>1,011,778</td>
<td>157,565</td>
</tr>
<tr>
<td>Accrued Receivables</td>
<td>33,089</td>
<td>38,965</td>
<td>5,876</td>
</tr>
<tr>
<td>Due from Fair Oaks Ranch</td>
<td>-</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total Cash &amp; Investments</strong></td>
<td>913,101</td>
<td>1,137,358</td>
<td>224,257</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>913,101</td>
<td>1,137,358</td>
<td>224,257</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>80,001</td>
<td>100,000</td>
<td>19,999</td>
</tr>
<tr>
<td>Infrastructure Improvements - Assigned</td>
<td>630,000</td>
<td>813,101</td>
<td>183,101</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>710,001</td>
<td>913,101</td>
<td>203,099</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>218,442</td>
<td>257,070</td>
<td>38,628</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>15,343</td>
<td>32,813</td>
<td>17,470</td>
</tr>
<tr>
<td><strong>Excess Revenue over Expenses</strong></td>
<td>203,099</td>
<td>224,257</td>
<td>21,157</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Fund Equity</strong></td>
<td>913,101</td>
<td>1,137,358</td>
<td>224,257</td>
</tr>
</tbody>
</table>
### Municipal Development District
### Revenue & Expense Report
### November 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Year-to Date</th>
<th>Percent of Budget</th>
<th>Budget Surplus / (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sales Tax</td>
<td>229,000</td>
<td>-</td>
<td>0.0%</td>
<td>(229,000)</td>
</tr>
<tr>
<td>Interest</td>
<td>20,000</td>
<td>3,107</td>
<td>15.5%</td>
<td>(16,893)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>249,000</td>
<td>3,107</td>
<td>1.25%</td>
<td>(245,893)</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>250</td>
<td>-</td>
<td>0.00%</td>
<td>250</td>
</tr>
<tr>
<td>Training/Seminars</td>
<td>500</td>
<td>-</td>
<td>0.00%</td>
<td>500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>100</td>
<td>-</td>
<td>0.00%</td>
<td>100</td>
</tr>
<tr>
<td>Attorney</td>
<td>9,300</td>
<td>-</td>
<td>0.00%</td>
<td>9,300</td>
</tr>
<tr>
<td>Auditor</td>
<td>5,000</td>
<td>-</td>
<td>0.00%</td>
<td>5,000</td>
</tr>
<tr>
<td>Professional Services</td>
<td>33,450</td>
<td>-</td>
<td>0.00%</td>
<td>33,450</td>
</tr>
<tr>
<td>Insurance</td>
<td>50</td>
<td>-</td>
<td>0.00%</td>
<td>50</td>
</tr>
<tr>
<td>Transfer to Capital Improvements</td>
<td>200,350</td>
<td>-</td>
<td>0.00%</td>
<td>200,350</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>249,000</td>
<td>-</td>
<td>0.00%</td>
<td>249,000</td>
</tr>
<tr>
<td><strong>Revenue Over / (Under) Expenditures</strong></td>
<td>-</td>
<td>3,107</td>
<td>3,107</td>
<td></td>
</tr>
</tbody>
</table>
# Municipal Development District Balance Sheet
## November 30, 2019

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Frost Bank</td>
<td>86,514</td>
</tr>
<tr>
<td>TexPool</td>
<td>1,053,846</td>
</tr>
<tr>
<td>Due from Fair Oaks Ranch</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total Cash &amp; Investments</strong></td>
<td>1,140,465</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance</td>
<td>100,000</td>
</tr>
<tr>
<td>Infrastructure Improvements - Assigned</td>
<td>1,037,358</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>1,137,358</td>
</tr>
</tbody>
</table>

| Total Revenues              | 3,107   |
| Total Expenses              | -       |
| Excess Revenue over Expenses| 3,107   |

| Total Liabilities & Fund Equity | 1,140,465 |
The Federal Reserve cut the Fed Fund rate by a quarter percent in September 2019, from 2.25% to 2%, and cut another quarter percent in October 2019 to the current 1.75%.

*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.
AGENDA TOPIC: Consideration and possible action regarding the election of MDD Officers for Calendar Year 2020.

DATE: January 15, 2020

PRESENTED BY: Al McDavid, MDD President

INTRODUCTION/BACKGROUND:
MDD By-Laws (Article III, Section 1) require internal election of four officers on an annual basis. The 2020 board positions of President, Vice President, Secretary and Treasurer will be internally elected on 15 January 2020, the first MDD meeting of the new calendar year.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:
This election will be held in public forum utilizing voice vote of board members. All current MDD board members are eligible to seek any of the four officer positions with majority rule on each position. Once in place all officers will serve throughout calendar year 2020 and until the first MDD meeting of 2021.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
No financial or budgetary impact.

LEGAL ANALYSIS:
N/A

RECOMMENDATION/PROPOSED MOTION:
I move to elect X for the position of President.
I move to elect X for the position of Vice President.
I move to elect X for the position of Secretary.
I move to elect X for the position of Treasurer.
AGENDA TOPIC: Consideration and possible action approving a resolution authorizing the MDD President to sign a new bank depository agreement with Frost Bank

DATE: January 15, 2020

PRESENTED BY: Roy Elizondo, Treasurer and Sarah Buckelew, Investment Officer

INTRODUCTION/BACKGROUND:


Chapter 105 of the Local Government Code (“LGC”), which provides the process for selecting a depository and specifies the necessary components of a city’s depository services contract, applies to the funds of any city department or agency of the City. LGC 105.016(a) states that a municipal entity’s governing board “shall designate the bank, credit union, or savings association to serve as a depository for the municipality's funds”. The MDD board may approve any depository services contract whose term does not exceed five years.

The MDD’s investment policy, section VII states that “at least every five (5) years, a depository shall be selected through the FOR MDD banking services procurement process, which shall include a formal request for proposal (RFP)”.

In absence of adopted provisions under LGC 105.011 to allow for depositories outside the MDD boundaries, and with only one bank institution within the MDD boundaries, the MDD is not required to request applications for depository services. As Frost Bank is the only bank institution within the MDD boundaries the MDD did not request applications for depository services, and has moved forward with negotiations with Frost Bank.

The proposal offered by Frost Bank meets all of the qualifications defined by section VII of the MDD’s Investment Policy. The Investment Officer requests that section VII of the investment policy be reviewed with the FY 2019-20 annual re-affirmation to include language consistent with Chapter 105 of the Local Government Code regarding the exception for a single source for depository services within the MDD boundaries.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The updated fee schedule from Frost Bank has been reviewed by both the Finance Director, as well as an external consultant who specializes in Banking RFQ processes in the State of Texas to ensure that service costs are competitive and fair.
LONGTERM FINANCIAL & BUDGETARY IMPACT:
The MDD should not see a significant increase or decrease in bank fees. The MDD was only charged $2.39 in bank fees during the 2018-19 Fiscal Year due to the limited transactions that occur. Additionally, the Earnings Credit Rate on deposits per the new depository agreement has been increased from Treasury Bill plus 25 basis points to Treasury Bill plus 20 basis points.

LEGAL ANALYSIS:
The depository agreement has been reviewed by the MDD’s Legal Council as to form and compliance with Local Government Code 105. The MDD’s decision to not request applications for depository services, and to negotiate with the only bank within the MDD boundaries was also approved by Legal Council.

RECOMMENDATION/PROPOSED MOTION:
I move to approve a resolution designating Frost Bank as the depository for the City of Fair Oaks Ranch Municipal Development District and for the MDD President and other designated board members/officers to sign the new Bank Depository Agreement with Frost Bank effective January 15, 2020.
A RESOLUTION

APPROVING THE INTENT TO ENGAGE IN CONTRACTUAL AGREEMENTS BY AND BETWEEN THE CITY OF FAIR OAKS RANCH MUNICIPAL DEVELOPMENT DISTRICT AND FROST NATIONAL BANK, FOR SERVICES PROVIDED THEREIN FOR THE PERIOD BEGINNING JANUARY 15, 2020 AND ENDING SEPTEMBER 30, 2024

WHEREAS, the City of Fair Oaks Ranch Municipal Development District (“MDD”) intends to engage in contractual agreements to provide certain services for the funds, treasury management services, security, and depository of funds, taking into consideration the fiscal years' financial feasibility for the costs of services provided by the contractor therein; and,

WHEREAS, upon the MDD Board’s approval of each fiscal year’s budget, the contractual agreements shall be determined approved, agreeing to the terms and conditions and cost for services provided by Contractor; and,

WHEREAS, the Contractor agrees to provide the services agreed upon for the period beginning January 15, 2020 and ending September 30, 2024.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FAIR OAKS RANCH THAT:

Upon approval of each fiscal year’s budget, the following contractual service agreements; Bank Depository Agreement and Security Agreement, on file in the City Secretary's office, by and between the MDD and Contractor agree to the terms and conditions set therein

1. The agreement shall begin January 15, 2020, and shall expire on September 30, 2024.

2. The President and Secretary of the MDD Board are hereby authorized and directed to respectfully execute and attest said contracted agreements.

3. Agreements may be terminated by either party with required notice determined by the terms and conditions of each Contractors Service Agreement.

PASSED, APPROVED, AND ADOPTED on this 15th day of January, 2020.

____________________________________________________
Al McDavid, President

ATTEST:  

____________________________________________________
Laura Koerner, Secretary

APPROVED AS TO FORM:

____________________________________________________
Denton Navarro Rocha Bernal & Zech, P.C.,  
City Attorney
AGENDA TOPIC: Consideration and possible action setting the MDD Regular Meeting Schedule for Calendar Year 2020.

DATE: January 15, 2020

PRESENTED BY: Al McDavid, MDD President

INTRODUCTION/BACKGROUND:
MDD By-Laws (Article II, Section 3) require MDD Board of Directors meetings a minimum of no less than each six calendar months of each fiscal year. In 2018 the Board of Directors implemented a quarterly regular meeting schedule to provide a more efficient work flow between meetings. This quarterly schedule exceeds By-Laws meeting frequency requirements.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:
The purpose of this action is to set a known MDD regular meeting date each quarter in the months of January, April, July, and October 2020. This provides a better planning cycle for citizens, board members, and staff. Special meetings may be called between quarterly meetings as required.

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

LEGAL ANALYSIS:
Ongoing.

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

January X
April   X
July    X
October X