

EXHIBIT A - WITH TRACK CHANGES

Sec. 1.08.001 Municipal Development District Board of Directors

- (a) Creation of Board of Directors. A Board of Directors (the "board") which is hereby created which shall manage and control the district. The board shall exercise all of the powers of the district subject to the restrictions imposed by law and any duly and properly enacted ~~bylaws~~ rules of procedure adopted by the board.
- (b) Composition and terms of office.
- (1) The board shall consist of seven (7) Directors, each of whom shall be appointed by the City Council by resolution. Each of the Directors shall be a resident of the ~~City or a resident of the City's extraterritorial jurisdiction~~ Fair Oaks Ranch Municipal Development District (the "District").
- (2) At least two (2) Directors shall be designated to be appointed from persons who are members of the City Council, ~~and one (1) Director shall be a person who is a member of the City's Homeowner's Board of Directors.~~ The remaining four (4) Directors may be qualified and appointed in any manner authorized by state law. ~~Each Director shall be appointed to a place as follows:~~
- ~~(A) Place one: City Councilmember.~~
- ~~(B) Place two: City Councilmember.~~
- ~~(C) Place three: Member of the City's Homeowner's Board of Directors.~~
- ~~(D) Place four: At-large.~~
- ~~(E) Place five: At-large.~~
- ~~(F) Place six: At-large.~~
- ~~(G) Place seven: At-large.~~
- (23) Each Director shall be appointed for a two (2) year staggered term to begin on October 1st and end on September 30th of the second year. A Director shall serve until a successor is appointed.
- (34) Any Director may be removed from the board by the City Council at any time without cause.
- (5) At no time shall there be a quorum of City Council members serving on the board.
- (c) Annual budget. The fiscal year of the district shall commence on October 1st of each year and end on September 30th of the following year. The board's budget shall be approved by the City Council no later than the City Council's ~~regular~~ last September council meeting.
- (d) Annual audit. 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 at the expense of the district. A copy of the final audit shall be filed with the City Secretary no later than March 30th of the following fiscal year for which the audit is performed for.