

November 30, 2016

Dear Members of Groups 1 and 2:

Since 1991, the California Urban Water Conservation Council has served as a collaborative and historic forum within which water utilities, the environmental community and other interested organizations have worked together to advance urban water conservation throughout the state. Over the years, the Council has become known as a balanced, fair-minded advocate for the role of water conservation and efficiency in meeting California's present and future water needs. Together, we have greatly advanced water conservation and water use efficiency in California and the United States.

Over the past 25 years, however, social, economic, environmental, regulatory and political conditions have changed substantially. For example, California passed the Water Conservation Act of 2009 mandating a 20 percent reduction in statewide urban per capita water use by 2020. Most recently, California's historic drought prompted new state water conservation mandates (Executive Order B-37-16) and reporting requirements. At the same time, the Sacramento-San Joaquin Delta, a critical hub for California's water supply, remains imperiled as native fish species continue to decline while the state's population growth and climate change places increasing pressure on limited water supplies. More changes and challenges lie ahead.

Against this background, in November 2014, the Council began a strategic planning process to determine its future direction. For the past two years, Council Board, Council members, and other stakeholders have provided substantial input and perspectives on the best way for the Council and its members to move forward.

Groups 1 and 2 were unable to reach agreement on the direction of the Council. In particular, the groups were unable to agree on the governance structure and the role of reporting to evaluate the Council's progress in assisting its members' efforts to advance water conservation and efficiency. Rather than dissolve the organization, Board members have agreed to a process that will allow the Council as we know it to sunset so that a refocused and restructured organization can emerge January 1, 2017. The refocused and restructured organization is envisioned to help achieve efficiency gains by helping its members meet legislative and regulatory requirements, as well as municipal or utility-adopted water use goals; fostering research and evaluation; serving as an information clearinghouse; providing tools, training and professional networking opportunities; advancing modern data analytics; serving as a technical expert to members and local, state and federal agencies; transforming markets for water use efficiency-related products and



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services; sharing successes and building partnerships to improve water efficiency and produce additional benefits for water system and ecosystem resilience.

The Council's planning process has resulted in the Council Board's adoption of proposed bylaws changes, asset allocation and other agreements that are enclosed for your consideration. The proposed changes are designed to implement seven key principles that were essential for the utility members of the Council to evolve in the direction contemplated:

1. A new name (to be determined) to reflect the organization's new approaches toward conservation and efficiency;
2. A change of the Council's principal purpose from MOU implementation (and by extension BMP adoption) to other activities that promote conservation and efficiency, as described above;
3. The elimination of separate member groups (i.e., Groups 1, 2 and 3) so that all members in good standing will be entitled to serve on the Board and vote on matters submitted to Council members;
4. The inclusion of one-person, one-vote and simple majority decision-making at both the Board and member levels;
5. A requirement that members be "in good standing" (i.e., have paid appropriate dues) before they are eligible to vote or enjoy other privileges and benefits;
6. The creation of a Transition Board and officers; and
7. A transition period for the Transition Board to receive member input and propose additional necessary or desirable bylaws amendments to further revitalize the organization.

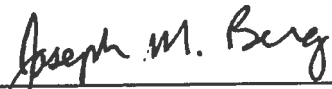
Many of us have been working with the Council for a long time and have devoted countless hours to furthering its cause. As noted above, Group 2 Board members do not support the direction of the refocused and restructured organization at this time, and all but one of them will be resigning from the Board on December 31, 2016. The utility members hope that the refocused and restructured organization demonstrates its success in advancing water conservation and efficiency in California and, in so doing, will attract new members from utilities, NGOs, businesses and research organizations. This includes attracting past members, such as the current Group 2 Board members and other Group 2 MOU signatories who may be leaving the organization, to return to the organization. The input and participation of all NGOs will always be welcome.

Your approval of the proposed changes would sunset the Council as we have known it and lay the groundwork for shifting it into a refocused and restructured organization. As members continue this process, we hope that the spirit of collaboration that is a Council foundation will continue.

We welcome your input and look forward to discussing the proposed changes during a Webinar scheduled for 10 a.m. to 12 p.m. on December 6, 2016, and during the plenary on December 13, 2016, in downtown Los Angeles. You

can find more detailed explanations of these proposed changes in the accompanying packet.

After any questions you may have are answered, we look forward to receiving your vote on the attached ballot. As the ballot itself explains, you can submit your vote in a variety of ways at any time up until 5 p.m. on Friday, December 30, 2016. The results of the vote will be released immediately after they are counted.



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Joseph M. Berg, Chair



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Peter Vorster,  
Vice-Chair

List of attachments:

- Ballot
- Explanatory memo
- Proposed bylaws changes
- Redlined version of proposed bylaws changes



**California Urban Water Conservation Council**

Member Action by Written Ballot (Bylaws § 4.03)

***Proposed Changes – Council Transition***

**Ballot December 2016**

***Voting Process***

- Vote deadline: 5:00 pm, Friday, December 30, 2016. Scan and Email\* to [office@cuwcc.org](mailto:office@cuwcc.org), fax to 916-552-5877, mail to Council Office, 716 10<sup>th</sup> St., Suite 200, Sacramento, CA 95814, or turn in to Council staff during the December 13, 2016, Plenary meeting.
- From the home page at [www.cuwcc.org](http://www.cuwcc.org), choose the "Members" tab and navigate to the Plenary page. In the middle of the page are the documents explaining and supporting the Board's recommendation.
- Changes in Bylaws require simple majorities of both Group 1 and Group 2.

*Do you approve the November 16, 2016, recommendation of the Council Board to refocus and restructure the Council through a combination of Bylaws amendments, financial arrangements, and other transition matters, as more fully explained in the materials distributed to members with this ballot on November 30, 2016 and incorporated by reference here?*

YES

NO

\*If sent by email, per California Corporations Code §§ 20 and 21, Signatory Organization consents to use of e-mail for both receipt of notice and materials, including ballots, regarding Council matters and for submission of its responses.

Organization Name: \_\_\_\_\_

Contact Signature: \_\_\_\_\_

Contact Name (Please Print): \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_

Contact Email Address: \_\_\_\_\_



Attachment #2

**TO:** CUWCC Members  
**FROM:** Gregory Weber, Council Staff  
**DATE:** November 30, 2016  
**SUBJECT:** Member Vote on Council Board proposal for organizational evolution

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**RECOMMENDATION:**

Adopt the Board's recommendation to refocus and restructure the Council through a combination of bylaws amendments, financial arrangements and other transition matters as more fully laid out below.

**SPECIAL NOTE:**

This is a single up-or-down vote on the entire package. All of the pieces are intertwined and are the result of two years of effort. Members who seek organizational changes beyond those laid out in the proposed bylaws amendments can seek those changes in 2017.

**BACKGROUND:**

Since November 2014, the Council has been engaged in a strategic planning process. Groups 1 and 2 have been unable to reach agreement on the future of the Council. Council members had substantially different visions of what the Council could or should be. As reflected in the minutes from the September 14, 2016 Board meeting, the Council Board reached an impasse over these differing directions for the Council's future. At that point, the Board was faced with three choices:

1. Seek an involuntary dissolution of the organization;
2. Agree to a voluntary dissolution; or
3. Agree to a series of bylaws changes and financial arrangements.

Each of these options posed its own challenges.

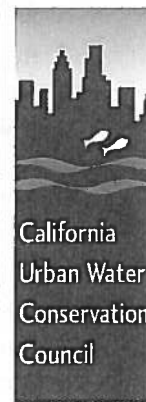
Involuntary dissolution is a legal remedy possible when a nonprofit's Board and members cannot agree on fundamental organizational matters. It requires a lengthy and expensive judicial process. In addition, under California law, and the Council's articles of incorporation, in the event of a dissolution, all of the Council's unrestricted<sup>1</sup> net assets--no matter where they came from--must go to another 501(c)(3) nonprofit organization whose specific purpose includes "environmental conservancy." Both the California Attorney General<sup>2</sup> and the courts would have to approve the disposition of these assets. And, as the Council's affairs were being wound up, the Council's staff would have to be let go. Council programs and projects would end. While a new organization could be created to take on work that Council members wanted continued, creation of such a new organization would take time and resources and require the recruitment of a new membership base.

Voluntary dissolution--avoids the lengthy and expensive judicial process. In all other ways, it is virtually identical to the involuntary dissolution. The principal difference is that instead of having a court supervise the disposition of all of the Council's assets, the Council's Board and members

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<sup>1</sup> Restricted assets, e.g., grants for specific purposes, would ordinarily be returned to the donor.

<sup>2</sup> The Attorney General must review the transfer of "substantially all" of a non-profit's assets. The review ensures that the assets are transferred to another public benefit corporation and further the purposes for which the transferring entity acquired them.



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## Attachment #2

would have to agree to that disposition. The California Attorney General would still have to approve the agreed-upon asset disposition.

Bylaws amendment combined with a financial arrangement--offers benefits not possible under either of the first two options. Most significantly, it allows the organization to refocus and restructure rather than dissolve and have to be re-created. Council staff and committees can remain working on Council programs and projects. In addition, it allows the Council to resolve the financial matters that would be required under dissolution in ways that do not trigger judicial or Attorney General review.

As both the minutes of the September 14, 2016 Board meeting and the cover memo to this ballot package indicate, almost all of the Council Board members from Group 2 did not support critical elements of the organizational changes sought by the Council Board's Group 1 members. These Group 2 Board members indicated their plans to leave the organization.

Further, the Group 2 members expressed their support for the Council's voluntary dissolution in recognition that Group 1 members demanded a fundamental change in the rules that guided the Council and how it governed itself, effectively dissolving the existing organization. In recognition that a voluntary dissolution would negatively impact Council staff members and their ongoing activities, however, Group 2 members agreed in principle to a set of bylaws changes sought by the Group 1 Board members. In addition, the Group 2 Board members proposed, in effect, to work out a financial arrangement to substitute for what would have been the complete disposition of all assets to other nonprofits required by a voluntary or involuntary dissolution. The Group 1 Board members accepted this proposal.

Between the September and November Board meetings, Board members developed an agreement that keeps the re-organized Council financially viable. At the same time, it makes Attorney General review unnecessary and meets the interests of those Group 2 members who are leaving the organization to ensure that Council assets developed to further environmental conservancy remain dedicated to projects, programs and approaches that directly further that purpose.

The rest of this memo explains in more detail the package of Board recommendations on bylaw amendments, the Financial Arrangement, and the Transition Plan. Additional information will be included in a separate "Frequently Asked Questions" (FAQs) document that will be available on the Council's website shortly after the December 6 webinar described below in the "Transition Plan".

### **BYLAWS AMENDMENTS**

Refocusing and restructuring the Council from its MOU/BMP focus requires a set of bylaws amendments. While many of the current bylaws will probably not prove necessary to the refocused and restructured organization, the Council's staff and attorney<sup>3</sup> identified a minimum set of bylaw amendments required to implement six key principles. These principles are:

1. A new name;
2. Change of the "Council's" principal purpose from MOU implementation and, by extension, BMP adoption, to engagement in a different set of water use efficiency-promotion activities;

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<sup>3</sup> Review by the Council's attorney also lead to the proposal of a handful of additional changes solely designed to ensure clear compliance with the California Nonprofit Corporation Law.



## Attachment #2

3. Elimination of separate member groups, i.e., Groups 1, 2 & 3. All members will simply be members and, if in good standing, entitled to vote on matters subject to member voting and to serve on the Board of Directors;
4. Inclusion of one-member, one-vote, and simple majority decision-making at both the Board and the member levels;
5. Requirement that members be "in good standing" (i.e., have paid the appropriate dues) before they are able to vote in any election or enjoy other Council privileges and benefits; and
6. Creation of a transition Board and transition Officers.

The proposed bylaws amendments are included in this packet. Attachment 3 contains a clean copy of all of the proposed changes. The key sections changed are highlighted. Attachment 4 contains a redlined copy of the principal changes.<sup>4</sup>

Most of the changes are relatively easy to understand. Changes to the Board composition are the most extensive. These changes are explained below, in the "Transition Plan" section.

The first principle--a new name--responds to Group 2's request. Group 2 believes strongly that the refocused and restructured organization will not be the Council as it has come to be known over the last 25 years. Hence, even if it is legally going to be the same non-profit corporation after bylaws amendments are adopted, it needs a new name to reflect the new organizational structure and focus. The Group 1 Board members agreed. At the webinar scheduled for December 6, 2016, the Council Board will announce a process by which member input into the new name will be sought. There are only two agreed-upon limitations to any suggested new name. First, the new name cannot have "Council" in it. Second, its initials cannot be "CUWCC." Other than that, members will be encouraged to be creative in their suggestions. The Council Board wishes to have the new name settled upon as early in the first quarter of 2017 as possible.

### FINANCIAL ARRANGEMENT

As noted above, the Board agreed to a financial arrangement involving a portion of Council assets. This arrangement was necessary to overcome impasse and allow the organization to refocus and restructure itself. It avoids the complete disposition of Council assets that would have to occur were the Council to dissolve voluntarily or involuntarily. The arrangement recognizes the reality that if the Board and Council members remained at impasse over the Council's direction, under the Council's articles of incorporation, all of the Council's unrestricted net assets would be distributed to nonprofits engaged in environmental conservancy.

The principal terms of the arrangement are relatively straightforward. They are set out in two different versions. The first captures the Board's intent; it is for members' understanding of the thinking that lies behind the agreement. The second is a formal expression of the agreement articulated in simpler terms that acknowledge legal requirements.

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<sup>4</sup> To reduce visual clutter in the redlined document, it does not indicate over one hundred one-word changes needed to implement principle 3: all members (in good standing) will be voting members. (As members know, under the current MOU and Bylaws, only Group 1 and Group 2 members are voting members. Hence, the current Bylaws specify "voting" members from the non-voting Group 3 members in any context where a vote needs to occur.) In addition, the redlined document does not indicate minor, non-substantive changes. For example, almost all of the current Bylaws' references to the "Board of Directors" would simply read "Board." And all of the references to "members of the Board" will simply read "Directors."

## Attachment #2

### Version 1: For Member Understanding

During its November 16, 2016 meeting, the Council Board of Directors agreed to the following in order to implement the organizational changes agreed upon during its September 14 Board meeting:

1. The Council will divide its net cash assets as of 12/31/2016, as reported by the Council's accountant on approximately 1/15/2017, between Group 1 and Group 2 members, with each group receiving an equal share.<sup>5</sup>
2. Group 2 will dedicate \$30,000 of its share as a designated Council asset that will remain with the Council and be fully matched by Group 1 members from Group 1's share of the Council's net cash assets.
  - a) This \$60,000 pool of funds will go toward mutually agreed upon activities or projects, including Council program staff time, that will be approved by a committee that is a subset of the current Board of Directors.
  - b) Both Group 1 and Group 2 members will endeavor to leverage the \$60,000 to receive additional outside funding.
3. The remainder of Group 2's share will be granted by the Council, in a rapid fashion, to a third-party 501(c) (3) organization with a mission that aligns with the Council's current mission.
  - a) The third-party organization will then either re-grant the funds to other nonprofit organizations through a grant application process or undertake its own projects, provided that:
    - i) Any such grants or projects support activities that further the Council's current mission or the MOU;
    - ii) Any work product, tool, or other intellectual property that is developed with this funding will be publicly available, without charge; and
    - iii) All legal and Generally Accepted Accounting Principles requirements are met.
4. The capital assets of the Council will remain with the re-organized and promptly re-named organization.

Before setting out the formal version, several points deserve explanation.

First, the "net cash" described in Point 1 represents unrestricted assets that exist after accounting for all Council obligations. It does not include restricted assets, such as grants from third parties for a specific project or other purpose. It also does not include the Council's capital assets; those will remain with the Council per Point 4. As a result of these exclusions, the amount that will be granted by the Council is less than half of the Council's total assets. As a result, Attorney General review will not be necessary.

Second, the funds described in Point 2 represent a rather elegant solution. Point 1 responded to Group 2's interest in directing the disposition of an equal share of the net assets. Point 2 recognized both Groups' interest in ensuring the financial viability of the organization during 2017 while still ensuring that Group 2 members can help determine how its equal share of the net

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<sup>5</sup> The most recent financial statement prepared by the Council's accountant anticipated net cash of \$496,000. As a projection, this number is subject to change. The actual end-of-2016 figure is expected to be known by January 15, 2017.

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assets is put to use. In particular, the arrangement, in combination with expected members' dues, allows the refocused and restructured Council to maintain an average of 3 months of operating cash during 2017.

Point 3 simply addresses the due diligence and restrictions on the funds that will be granted.

The version below simplifies and formalizes the terms laid out in Version 1.

### Version 2: To Meet External Requirements

1. As soon after January 15, 2017, as practicable, the Council will grant half of its net cash, calculated as of 12/31/2016, and as reported by the Council's accountant on approximately January 15, 2017, minus \$30,000, to a 501(c)(3) organization with a mission compatible with the Council's specific purpose ("environmental conservancy.")
2. At the time that the grant referenced above is funded, the Council will designate \$60,000 for projects or activities, including Council program staff time. Those projects or activities will be agreed to by representatives from both Groups 1 and 2, through a committee that is a subset of the current Board of Directors.
  - a) Both Group 1 and Group 2 Board members will endeavor to leverage the \$60,000 to receive additional outside funding.
3. The third-party organization will then either re-grant the funds to other nonprofit organizations through a grant application process or undertake its own projects, provided that:
  - a) Any such grants or projects support activities that further the Council's current mission or the MOU;
  - b) Any work product, tool or other intellectual property that is developed with this funding will be publicly available, without charge; and
  - c) All legal and Generally Accepted Accounting Principles requirements are met.

### **TRANSITION PLAN**

The Transition Plan approved by the Board has two main elements: a) a Transition Board and Officers; and 2) a transition period.

#### **- Transition Board and Officers**

As noted above, the proposed changes to the Bylaws address the Board and the Officers. The changes are important enough to explain in detail here.

In contemplating the Board and Officers to guide the Council during its organizational transition, the current Council Board considered five factors. In particular, it sought:

1. Continuity of leadership by Board members, and Special Advisors to the Board, most familiar with all of the strategic planning and transition issues;
2. A proposal that was as simple as possible to understand;
3. The ability to quickly fill any vacant positions;
4. The elimination of staff time in conducting elections during the last quarter of 2016 and the first three quarters of 2017; and
5. The reduction of the potential for impasse on Board decisions.

Implicit in its considerations was a sixth factor: compliance with the California Nonprofit Corporation Law.

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The proposal contained in the Bylaws addresses each of those factors, although the second factor--simplicity--has had to give way to the other factors.

In broadest terms, collectively, the proposed Bylaws amendments on the Board and Officers have eight elements:

1. Board elections are suspended until December 2017;
2. Current Board members<sup>6</sup>, as they are willing and able, remain in office;
3. Elected Group 3 Special Advisors<sup>7</sup> become full voting Board members;
4. The total number of Board seats will be an odd (uneven) number;
5. Ex-Officio Special Advisors<sup>8</sup> to the Board remain in office and remain non-voting members;
6. The Transition Board appoints the organization's Officers (i.e., Chair, Vice-Chair, Secretary-Treasurer);
7. Once the transition period begins (see below – proposed as January 1, 2017), the then-sitting Board members can fill any vacancies that have occurred before the transition period, or that occur during the transition period; and
8. If, for whatever reason, Council members do not make changes to the Bylaws during 2017, the Bylaws include an election process to replace Board members whose terms expire.

The critical provisions are found in proposed Bylaw Sections 7.02, 7.03 and 9.03.

Before detailing those three sections, note that the Board intends these to be transition provisions, not (necessarily) permanent provisions. Council members will have multiple opportunities in 2017 to consider and decide what kind of Board they want, and how they wish their Board members to be selected or elected. In the event that, for whatever reason, members do not make additional Bylaws changes in 2017, Section 7.02 includes an annual election process.

Turning now to the specific provisions, Section 7.02(a) sets the number of Board positions at 21. Currently, there are 20 (voting) Board positions. Boards with an even number of members are more likely to end in impasse than Boards with an uneven number of members. Increasing the number to 21 will leave the Board with an uneven number of members.

Section 7.02(b) extends the terms of existing Board members by one year. This provision best allows for Board continuity during the transition period.

Moving to Section 7.03, subsection (d) allows the Board to appoint replacements for Board seats vacant because of resignation or removal from office. Currently, Council staff expects that five of the six Group 2 Board members will resign their seats effective 12.31.16. This provision will allow the remaining Board members to appoint five new members to replace them.

Moving back to Section 7.02, subsection(c) allows the Transition Board to appoint enough additional Board members to leave the Board with 21 members. Eleven<sup>9</sup> of those members will

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<sup>6</sup> Appendix A sets out a list of current Board members and their terms.

<sup>7</sup> Appendix A sets out a list of current Group 3 Special Advisors to the Board and their terms.

<sup>8</sup> There are four non-voting "ex-officio" members of the Board: the immediate past-Chair; a DWR representative and two Bureau of Reclamation representatives. The Transition Board would include the representatives of the two agencies, as they are willing and able. Under the proposal, there will be no need to reserve a non-voting space for the current Council chair.

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come from the current Board members. That provision can be used to include the five current non-voting Group 3 Special Advisors to the Board as full voting Board members, if that is what the Transition Board decides.<sup>10</sup> Alternatively, if the Transition Board wished, they could be appointed under Section 7.03(d), and five additional Transition Board members can be designated under Section 7.02(c) from members not currently on the Transition Board. In short, there will be an opportunity for at least five new Transition Board members to bring new perspectives or experiences to the Transition Board during the transition period.

Proposed Section 9.03 has the Transition Board appoint Transition Officers. The current Bylaws have Officers elected by the members. The new provision will encourage organizational continuity and eliminate staff time holding elections in 2016. Again, this is intended to be a transition provision. Members who have different ideas on the composition or selection of officers will have numerous opportunities to provide their input during 2017.

### - TRANSITION PLAN

The Board has recommended the following plan to implement its proposed organizational changes<sup>11</sup>:

1. Using the current Council voting rules<sup>12</sup>, members vote to approve the transition package by written ballot. The vote needs to be completed by December 31, 2016;
2. During the voting period, there will be both a webinar on December 6 and a plenary on December 13 where members can learn more about the Board's proposal. Members can submit their ballots at the plenary if they wish, but votes will be accepted by Council staff at any time during the 30-day voting period;
3. Assuming that members approve the package, the transition period begins on January 1, 2017;
4. During 2017 Quarter 1, the Transition Board will conduct a search for a new Executive Director.
5. During 2017 Quarter 1, the Transition Board, working with a new Executive Director once hired, and the Interim Executive Director in the meantime, should get initial member input on additional needed or desired organizational changes;
6. During 2017 Quarter 2, after considering member feedback, the Transition Board, working with a new Executive Director once hired, and the Interim Executive Director in the meantime, should continue its organizational development work by proposing additional needed or desired bylaws changes for member review by June 2017;
7. During 2017 Quarter 3, the Transition Board, working with a new Executive Director, should take member input and propose any needed revisions so that members can adopt a full set of "permanent" bylaws by September 2017;

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<sup>9</sup> The eleven members will include all 10 current Group 1 Board members and one current Group 2 Board member (Trathen Heckman, Daily Acts.)

<sup>10</sup> The current Group 1 Board members have indicated that it is their intent to appoint or designate the current Group 3 Special Advisors to the Board to full-voting seats on the Transition Board.

<sup>11</sup> The financial arrangement addressed above includes its own implementation plan and timeframe.

<sup>12</sup> E.g., majority approval needed by both Group 1 and Group 2 members; no voting by Group 3 members.

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8. During 2017 Quarter 4, members should nominate post-Transition Board members (and officers, if necessary) using either the provisions in Section 7.02 of the proposed bylaws, or whatever procedures were adopted in the Quarter 3 bylaws amendments; elections should be held no later than December 2017; and
9. Any new bylaws adopted during 2017 Quarter 3 would take effect on January 1, 2018. Any Board members elected in December 2017 would take office on January 1, 2018.

Council Board members and staff are available to answer any questions regarding the vote and the specific provisions of the proposal. In addition, you can visit the Council's website after the December 6 webinar for FAQs and responses.

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Appendix

**Members of the Board of Directors in office on December 1, 2016**

**Terms Expiring December 31, 2016**

- Joe Berg (Municipal Water District of Orange County)
- Greg Bundesen (Sacramento Suburban Water District)
- Colin Close (City of Santa Rosa)
- Penny Falcon (Los Angeles Department of Water & Power)
- Jason Foster (San Diego County Water Authority)
- Richard Harris (East Bay Municipal Utility District)
- Bill McDonnell (Metropolitan Water District of Southern California)
- Ron Stork (Friends of the River)

**Terms Expiring December 31, 2017**

- Heather Cooley (Pacific Institute)
- Trathen Heckman (Daily Acts)
- Paul Herzog (Surfrider Foundation)
- Kyle Jones (Sierra Club)
- Lisa Morgan-Perales (Inland Empire Utilities Agency)
- Wendy Phillips (League of Women Voters of California)
- Carrie Pollard (Sonoma County Water Agency)
- Peter Vorster (Bay Institute)
- Rob Whipple (Western Municipal Water District)

**Group 3 Special Advisors to the Board (non-voting)**

**Terms Expiring December 31, 2016**

- Lisa Maddaus (Maddaus Water Management)
- Peter Yolles (WaterSmart Software)
- Paul Lierheimer (Rain Bird Corporation)

**Terms Expiring December 31, 2017**

- Jack Hawks (California Water Association)
- Amy Talbot (Regional Water Authority)

**Other Special Advisors to the Board (non-voting)**

- Diana Brooks (California Department of Water Resources)
- Deb Whitney (United States Bureau of Reclamation)
- Tom Hawes (United States Bureau of Reclamation)

# Management of the Board in Investment in African Countries

## Investment in Africa: A Review

The investment in Africa has been increasing steadily over the past few years. This is due to the growing interest of foreign investors in the continent. The investment in Africa is expected to continue to grow in the future. The investment in Africa is expected to continue to grow in the future.

## Investment in Africa: A Review

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As Amended December 30, 2016

**BYLAWS**  
**OF THE**  
**CALIFORNIA URBAN WATER CONSERVATION COUNCIL,**  
a California Nonprofit Public Benefit Corporation

**ARTICLE I**  
**Recitals and Definitions**

**Section 1.01. Name of Corporation.** The name of this corporation shall be the California Urban Water Conservation Council. In the balance of these Bylaws, the corporation shall be referred to as the "Council."

**Section 1.02. The Council Is Nonprofit.** The Council has been formed pursuant to the California Nonprofit Corporation Law as a California nonprofit public benefit corporation.

**Section 1.03. Specific Purpose.** The specific and primary purpose of the Council is to help California's water utilities, businesses, and residents achieve efficiencies, conserve water, and obtain related economic and ecological benefits that will help California today and tomorrow.

In support of this purpose, the Council engages in activities that promote water conservation and water efficiency. More particularly, it:

- Conducts and promotes water efficiency-related research and evaluation;
- Serves as a technology, research and program information clearinghouse;
- Provides hands-on tools, training and professional networking opportunities;
- Advances the development of modern data analytics;
- Offers technical advice to its members and to local, state and federal agencies;
- Encourages strategic market interventions to help manufacturers, suppliers, retailers, workforce personnel, and others provide more water-efficient products and services; and
- Identifies and builds on effective collaborations.

**Section 1.04. Restrictions.** All policies and activities of the Council shall be consistent with: (a) applicable federal, state and local antitrust and trade regulation laws; (b) applicable tax-exemption requirements, including the requirement that no part of the Council's net earnings inure to the benefit of any private individual; and (c) all other legal requirements including, but not limited to, the California Nonprofit Corporation Law under which the Council is incorporated and to which its operations are subject, as amended from time to time.

**Section 1.05. Defined Terms.** The following terms shall, when used in these Bylaws, have the following meanings:

- (a) Board of Directors, Board, and Council Board of Directors mean and refer to the Board of Directors of the Council described in Article VII. "Director" means and refers to a member of the Board.
- (b) Chair of the Board and Vice Chair mean and refer to the persons who, from time to time, occupy those officer positions that are analogous to the positions of Chair and Vice Chair of a nonprofit corporate board. The Chair of the Board and Vice Chair shall have the duties and responsibilities more particularly defined in Section 9.05.
- (c) Members means and refers to any one admitted to membership under Sections 3.01 and 3.02.
- (d) Members in Good Standing means and refers to those Members who have paid their annual membership dues as of the time they seek to enjoy Council Privileges and Benefits.
- (e) Council Privileges and Benefits means and refers to those matters offered, from time to time, by the Council to its Members. Such Council Privileges and Benefits may include, but are not limited to, technical assistance, publications, training, written materials, access to Members-only portions of the Council's website and databases, and discounted access to Council events. "Privileges and Benefits" includes the right to serve on a Council committee, work group, task force, project or similar effort; be awarded a contract as a Council consultant or other contractor; seek election and serve as a Council Board member; or participate in a vote of the Members.
- (f) Plenary Meeting means and refers to a meeting of the Members (see Article V).

## ARTICLE II Principal Office

**Section 2.01. Location of Principal Office.** The principal office of the Council will be located at such place within the State of California as the Board of Directors may from time to time designate by resolution. Currently, the address of the principal office is 716 10<sup>th</sup> Street, Suite 200, Sacramento, California.

## ARTICLE III Council Membership

**Section 3.01. Members of the Council.** Membership is open to any water provider, whether wholesale or retail, and whether publicly, privately or communally owned. Membership is also open to any other city, county, special district, agency or governmental organization; nonprofit organization; college, university or research organization; corporation; partnership; sole proprietorship; association; trade association; or individual; provided that the Member's mission and vision align with the Council's specific purpose under Section 1.03.

All Members in Good Standing are "members" within the meaning of Section 5056 of the California Nonprofit Corporation Law.

Only Members in Good Standing are entitled to enjoy Council Privileges and Benefits.

**Section 3.02. Establishing Membership.** Membership shall be effective upon the Council's receipt of a completed membership application, payment of dues and approval of membership application. The application shall be made to the Council's Executive Director, or his or her delegate, who will review it to ensure that the applicant's mission aligns with the Council's specific purpose. The Executive Director, or his or her delegate, shall approve or reject the application. Any disagreement with the Executive Director's decision may be reviewed by the Board of Directors, whose decision will be final and non-reviewable.

**Section 3.03. Member Representatives** Each Member shall identify a principal contact who will receive Council communications and vote on matters for which Members are entitled to vote. Members shall keep their contact information current with Council staff.

**Section 3.04. Termination of Membership.** In addition to any grounds for termination under Sections 5340 - 5342 of the California Nonprofit Corporation Law, Members who do not pay their dues by the end of the calendar or fiscal year for which they have been invoiced will be dropped from the membership rolls. The procedures for any termination or suspension of membership shall be consistent with the requirements of Section 5341 of the California Nonprofit Corporation Law.

## ARTICLE IV Membership Voting

### **Section 4.01. Member Voting Rights.**

(a) Generally. Subject to the California Nonprofit Corporation Law, all Members in Good Standing shall be entitled to vote on matters for which a member vote is required by these Bylaws or requested by the Board. On each matter submitted to a vote of the members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote.

(b) Required Vote for Valid Action. Any action requiring the vote or approval of the Members of the Council shall require the affirmative vote of a majority of the Members actually voting. The foregoing voting requirements are further subject to the quorum requirements set forth in Sections 4.03(e) and 5.06.

### **Section 4.02. Manner of Casting Votes.**

(a) Voting at a Meeting or by Written Ballot. Voting by Members may be by voice or by written ballot solicited in accordance with Section 5513 of the California Nonprofit Corporation Law, and Section 5.06 below. The vote on any other issue properly before a Plenary Meeting shall be conducted by secret ballot when determined by the chairman of the meeting, in his or her discretion, or when requested by 10 percent of the Members present at the meeting. . In conducting such a secret ballot, Council staff or other individual(s) designated by the chair of the meeting may, if necessary, identify each ballot with a Member in some manner, e.g., by distributing numbered ballots, to ensure either that no Member casts more than one vote or that no non-member votes.

(b) Substitute Representative. In the event that a Member Representative designated under Section 3.03 is unable to vote at a Plenary meeting or during a vote of the Members by Written Ballot Without a Meeting, the Member may designate a substitute representative by notifying Council staff in writing before submitting its vote. That designation shall be effective only for the specific vote in question.

(c) Proxy Voting. Proxy voting shall be permitted on any matter put to the vote of the Members subject to the following restrictions:

(i) If a Member cannot be represented at a Plenary meeting by the Member's Representative or substitute Representative, the Member can, by written proxy, authorize the Representative (or substitute Representative) of another Member to appear and vote on behalf of the absent Member.

(ii) The proxy shall be a written authorization signed by the Member or the Member's attorney-in-fact, provided that a proxy shall be deemed signed if the Member's name is placed on the proxy by the Member or the Member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise.

(iii) The proxy shall only be valid for the Plenary meeting for which it is issued, and for any adjournment thereof.

(iv) The proxy shall be in the form of a limited proxy which is defined as a written proxy which instructs the proxy holder how he or she is to vote with respect to each matter which is scheduled to be presented at the Plenary for action by the Members.

(v) There shall be no votes by Proxy on Actions by Written Ballot Without a Meeting.

#### **Section 4.03. Action by Written Ballot Without a Meeting.**

(a) Written Ballots, Generally. In addition to voting in person or by proxy at Plenary Meetings, any matter or issue requiring the vote of the Members, including the election of the Board of Directors, may be submitted to the Members for a vote by use of a written ballot without the necessity of calling a Plenary Meeting, so long as the requirements for action by written ballot set forth in Section 5513 of the California Nonprofit Corporation Law and this Section 4.03 are met. The determination to seek Member approval by written ballot shall be made by a majority vote of the Board.

(b) Distribution of Written Ballots. In the event that any matter or issue is to be voted upon by written ballot, the Board shall distribute the written ballot to every Member at least 30 days prior to the final date the written ballots are to be received for counting.

(c) Content of Written Ballots. Any written ballot distributed to the Members to vote on an issue other than the election of the Board shall set forth the proposed action, and provide an opportunity to specify approval or disapproval of the proposal.

(d) Balloting Time Requirements. Any written ballot shall also provide a reasonable time within which to return the written ballot to the Council's principal office and shall state on its face or

in an accompanying notice the date by which the written ballot must be returned in order to be counted. The time fixed for the return of ballots may only be extended if the Board notifies the Members (in the balloting materials originally sent to Members) that the right to extend has been reserved and then for no more than two successive periods of 30 days each. The time stated for the return of written ballots can be scheduled to coincide with the date of a Plenary Meeting.

(e) Requirements for Valid Action. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum specified in Section 5.06, below, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if approval was sought at a meeting of the Council Members.

(f) Solicitation Rules. Written ballots shall be solicited in a manner consistent with the requirements of Section 5.05, below, pertaining to the issuance of notice of Council Plenary meetings. All solicitations of written ballots shall indicate the number of responses needed to meet the quorum requirement for valid action. If approved by the Board of Directors and in compliance with Sections 20 and 21 of the California Corporations Code, a written ballot and any related material may be sent by electronic transmission by the Council and responses may be returned to the Council by electronic transmission to the Council.

(g) Notification of Balloting Results. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote immediately following the close of the balloting process and tabulation of the ballots. If the number of ballots cast is insufficient to constitute a quorum, the Board shall so notify the Members.

(h) Prohibition of Revocation. Once cast, a written ballot may not be revoked.

## **ARTICLE V Plenary Meetings**

**Section 5.01. Place of Meeting.** Plenary Meetings may be conducted at any reasonable place within the State of California, and at such time as may be designated by the Board in the notice of the Plenary Meeting.

**Section 5.02. Annual Plenary Meeting.** There shall be an annual Plenary Meeting in December of each year. The date, time and location of the annual Plenary Meeting shall be set forth in the notice of meeting sent to Members in accordance with Section 5.05, below.

**Section 5.03. Other Regular Meetings.** In addition to the annual Plenary Meeting, there shall be three quarterly Plenary Meetings on a day and at a time and place determined by the Board, and communicated to all Members at the inception of each calendar year or as soon thereafter as practicable.

**Section 5.04. Special Meetings.**

(a) Persons Entitled to Call Special Meetings. A simple majority of the Directors, or the Chair, may call special meetings of the Members at any time to consider any lawful business of the Council. In addition, five percent (5%) or more of the Members of may request the Council to convene a Plenary Meeting.

(b) Procedures for Calling Special Meetings Requested by Members. If a special Plenary Meeting is called by the Members, the request shall be submitted by the requesting Members, in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail, by electronic transmission, or by facsimile transmission to the Chair, the Vice Chair, or the Secretary of the Council. The officer receiving the request shall cause notice to be promptly given to the Members, in accordance with the provisions of Section 5.05, that a special Plenary Meeting will be held, and the date, time and specific purpose for such meeting; which date shall be not less than 35, nor more than 90, days following the receipt of the request. If the notice calling for a special Plenary Meeting is not given within the 20 days immediately after receipt of the petitioner's request, the Members requesting the meeting may give the notice. Nothing contained in this subsection shall be construed to limit, fix, or affect the time when a Plenary Meeting may be held when the meeting is called by action of the Board, or the Chair.

#### **Section 5.05. Notice of Meetings of the Members.**

(a) Generally. All notices of Plenary Meetings (whether regular or special) shall be sent, or otherwise given, in writing to each Member who, on the record date for notice of the meeting is entitled to vote there at, in accordance with subparagraph (c) of this Section 5.05, not less than 10, nor more than 90, days before the date of the meeting. The notice shall specify the place, date, and hour of the Plenary Meeting and (i) in the case of a special Plenary Meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of a regular Plenary Meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the Members provided that any proper matter may be presented at a regular Plenary Meeting for action by the Members so long as a quorum is present. The notice of any Plenary Meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members.

(b) Mailing of Notice. Notice of any Plenary meeting shall be given either personally or by first-class mail, or other written communication, including electronic mail, mail as authorized under Sections 20 and 21 of the California Corporations Code, charges prepaid, addressed to each Member, either at the address of that Member appearing on the books of the Council or the address given by the Member to the Council for the purpose of notice. If for any reason notice is given by mail and the notice is not sent by first-class, registered, or certified mail, the notice shall be given not less than 20, nor more than 90 days, before the meeting. Notice shall be deemed to have been given at that time when delivered personally or deposited in the mail or when sent by other means of written communication.

(c) Affidavit of Mailing; Effect Thereof. An affidavit of the mailing or other means of giving notice of any Plenary Meeting may be executed by the Secretary of the Council, and if so executed, shall be filed and maintained in the Council's minutes book. The Secretary's affidavit shall constitute prima facie evidence of the giving of notice.

#### **Section 5.06. Quorum Requirements.**

(a) A quorum of the Members for the purpose of conducting business at any Plenary Meeting shall be at least 30 Members. In addition, when a Plenary Meeting is actually attended by less than one-third of the voting power of Members (but at which a quorum is present), the only matters upon which action can be validly taken are those matters the general nature of which was described in the notice of the Plenary Meeting.

(b) The Members present at a duly held Plenary Meeting at which a quorum is initially present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. For example, if a Plenary Meeting is called and is initially attended by 31 Members and prior to adjournment two Members leave the Plenary Meeting (thus leaving less than a quorum), a motion to approve the annual budget for the Council could nevertheless be entertained and valid action taken if approved by at least 16 members.

(c) When Member approval is sought by written ballot (rather than at a Plenary Meeting) the minimum quorum requirement is satisfied when written ballots are returned to the Council within the prescribed balloting period from 30 or more Members.

**Section 5.07. Adjourned Meeting.** Any Plenary Meeting of the Council, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of a majority of the Members represented at the Plenary Meeting, either in person or by proxy. Unless there is an absence of a quorum (in which case no other business may be transacted at that meeting except as provided in Section 5.06(b)), the Members attending the reconvened Plenary Meeting may take any action that might have been transacted at the original meeting. When a Plenary Meeting is adjourned to another time or place, notice of the new meeting need not be given if the time and place thereof are announced at the Plenary Meeting at which the adjournment is taken. Notwithstanding the foregoing, if, after adjournment, a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who, on the record date for notice of the meeting, is entitled to vote thereat.

**Section 5.08. Waiver of Notice or Consent by Absent Members.**

(a) **Waiver and Consents, Generally.** If decisions are made by the Members at a Plenary Meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions made at that Plenary Meeting will be valid if, either before or after the meeting, each Member entitled to vote who was not present at the meeting consents to the meeting by signing a written (i) waiver of notice, (ii) consent to holding the Plenary Meeting, or (iii) an approval of the minutes of the Plenary Meeting. The waiver of notice need not specify the purpose or general nature of business to be transacted at such meeting unless action is taken, or proposed to be taken, on matters specified in Section 5.05(b); in which case, the waiver of notice must state the general nature of the matter. All such waivers, consents, or approvals shall be filed with the Council records or be made part of the minutes of the meeting.

(b) **Effect of Attendance at Plenary Meeting.** Attendance by a Member's Representative (or Substitute Representative) at a Plenary Meeting shall also constitute a waiver of notice of that Plenary Meeting with respect to that Member, except when the Member's Representative (or Substitute Representative) attends the Plenary Meeting for the sole purpose of objecting at the beginning of the Plenary Meeting to the transaction of any business due to the inadequacy or illegality of the notice.

**ARTICLE VI**  
**Actions Requiring Member Approval**

**Section 6.01.** **Actions Requiring Member Approval.** In addition to those matters requiring approval of the Members under the California Nonprofit Corporation Law or other applicable laws, the following actions of the Council shall require approval of the Voting Members:

- (a) Amendment of the Bylaws;
- (b) Approval of the annual budget;
- (c) Election of Directors; and
- (d) Any matter for which the Board has called for a vote of the Members.

**Section 6.02.** **[Reserved]**

**ARTICLE VII**  
**Board of Directors**

**Section 7.01.** **Powers of Directors.** Subject to the provisions and limitations of the Articles of Incorporation of this corporation (the "Articles") and these Bylaws or any applicable laws, the business and affairs of the Council shall be vested in and exercised by, or under the direction of, the Council's Board of Directors. The Board may delegate the management of the activities of the Council to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Council shall continue to be managed and all corporate powers shall continue to be exercised under the ultimate direction of the Board. All Directors shall be Representatives of Members in Good Standing of the Council as defined in Section 1.05 (d) of these Bylaws

**Section 7.02.** **Composition, Term and Voting Eligibility.**

- (a) Composition: The authorized number of Directors shall consist of 21 Directors, until changed by amendment to these Bylaws.
- (b) Selection and Term of Transition Board.
  - (1) All Directors whose terms would have expired on December 31, 2016 shall continue to serve as Board members until December 31, 2017, or until such earlier time as they may resign or be removed from office.
  - (2) All Directors whose terms would have expired on December 31, 2017 shall continue to serve as Board members until December 31, 2018, or until such earlier time as they may resign or be removed from office.
- (c) Appointment by Designation.



- (1) As soon as practicable on or after January 15, 2017, the Board shall have the authority and shall designate enough additional Directors to ensure that the total number of Directors is 21 (the designees are referred herein as the "Designated Directors"). The Designated Directors appointed under this Section shall assume their office immediately upon appointment. All such Designated Directors must be Representatives of Members in Good Standing as defined in Section 1.05(d).
  - (2) In making these designations, the Board may consider such factors as:
    - (i) Prior Service to the Council as a Special Advisor to the Board;
    - (ii) The addition of diversity to the Board, whether from:
      - (a) Perspective or experience;
      - (b) The type of organization represented;
      - (c) The Member's principal geographic region or area served; or
      - (d) Any other matter which the Board considers relevant.
  - (3) Regardless of Section 7.02(c)(2), the decisions about appointment by designation are entirely within the Board's discretion.
  - (4) Terms of Designated Directors.
    - (i) The Board shall have the authority to designate Designated Directors for a single term ending on December 31, 2017, or a single term ending December 31, 2018, or until such earlier time as a Designated Director may resign or be removed from office. In making such designations, the Board shall indicate which term each Designated Director is designated for.
  - (5) In order to implement staggered terms, in designating the Designated Directors, the Board shall ensure, to the extent practicable, that the terms of 10 of the total number of Directors authorized under Section 7.02(a) expire on December 31, 2017, and the terms of the remaining 11 Directors expire on December 31, 2018. After exercising its power to designate Designated Directors under Sections 7.02(c)(1)-(4), the Board's designation authority shall cease. Thereafter, Board positions shall only be filled by Annual Election, under Section 7.02(d), or Appointment to Fill a Vacancy under Section 7.03(d).
- (d) Annual Election.
- (1) In conjunction with the annual Plenary Meeting held in the Fourth Quarter of each calendar year, the Board shall conduct an election to fill the seats of Board members whose terms expire at the end of that calendar year. The election of Directors shall be by written ballot in compliance with California Nonprofit Corporation Law Section 5513.
  - (2) Nominations. Any Member Representative of a Member in Good Standing may seek election by notifying Council staff of its intent, via e-mail, no later than the first business day in November. Nominations do not need to be seconded. At the time that they notify Council staff of their intent to seek election, Member Representatives seeking election may submit a one-page candidate's statement. The Board may also nominate one or

more Member Representatives of Members in Good Standing for Director positions and such nominees, if they agree to the nomination, may also submit a one-page candidate's statement.

- (3) Within 7 days of the day described in Section 7.02(d)(2), Council staff shall provide all Members in Good Standing, by mail or, if approved by the Board and in compliance with California Corporations Code Section 20, via e-mail and by posting on its web page:
  - (i) The number of open seats that will be filled in the Annual Election;
  - (ii) the list of all nominations and the text of any candidate's statements received; and
  - (iii) a ballot.
- (4) Balloting. Each Member in Good Standing may submit one vote per candidate for as few or as many different candidates as they wish up to the number of seats that are open. Cumulative voting--i.e., the submission, on a given ballot, of multiple votes for the same candidate, is not permitted.
- (5) Completed ballots must be received by Council staff by 5 PM, of the day of that year's annual Plenary Meeting. Ballots may be turned into Council staff at that Plenary Meeting or sent to the Council offices via e-mail (if the Council is in compliance with California Corporations Code Section 21), fax, courier, personal delivery, or postal service. Council staff shall announce the results of the election—including any need to conduct a Runoff election under Section 7.02(e)—the next business day, or as soon as possible thereafter.

(e) Runoff Elections.

- (1) In the event that there is a tie among two or more candidates for the final open seat(s) in an Annual Election, there shall be a Runoff election 7 days after Council staff announces the results of the Annual Election.
- (2) At the time that Council staff announces the need for a run-off election, Council staff shall provide all Members in Good Standing, by mail or, if approved by the Board and in compliance with California Corporations Code Section 20, via e-mail and by posting on its web page:
  - (i) The number of open seats that will be filled in the Runoff Election;
  - (ii) The list of candidates who were tied for those seats during the Annual Election; and
  - (iii) a ballot.
- (3) Balloting. Each Member in Good Standing may submit one vote per Runoff candidate for as few or as many different candidates as they wish up to the number of seats that are to be decided in the Runoff election. Cumulative voting--i.e., the submission, on a given ballot, of multiple votes for the same candidate, is not permitted.
- (4) Completed ballots must be received by Council staff by 5 PM on the day for the Runoff election indicated under Section 7.02(e)(1). Ballots may be sent to the Council offices via e-mail (if the Council is in compliance with California Corporations Code Section 21), fax,

courier, personal delivery, or postal service. Council staff shall announce the results of the Runoff election the next business day, or as soon as possible thereafter.

- (5) In the event that a Runoff election itself results in a tie for one or more open seats, Council staff shall conduct one or more additional Runoff elections, under this Section 7.02(e), as necessary, until such time as all open seats are filled.

(f) Term.

- (1) Except for Directors elected as part of a Runoff election, Board Members elected via an annual election shall take office on January 1 of the year following their election and serve for two years unless until such earlier time as they may resign or be removed from office.

- (2) Board Members elected after a Runoff Election shall take office on the later of:

- (i) The date indicated in Section 7.02(f) for Directors who were elected without the need to participate in the Runoff Election; or
- (ii) Immediately upon their election.

(g) Eligibility for Voting. All Directors described in Sections 7.02(a) and 7.03(c) shall be entitled to vote on matters for which a vote of the Board is sought or required. No Director may vote by proxy, including by a substitute Representative.

(h) Non-voting Special Advisors. Representatives of agencies such as the California Department of Water Resources and the United States Bureau of Reclamation may serve as Special Advisors to the Board, if so invited by the Board. Such representatives, however, are not considered Directors for purposes of these Bylaws and shall have no vote in any matters for which a vote of the Board is sought or required.

**Section 7.03. Resignation and Removal from Office; Filling of Vacancies**

- (a) Resignation. Any Director may resign at any time, effective upon giving written notice to the Executive Director or the Chair or Vice Chair, unless the resigning member's notice specifies a later time for the effectiveness of the resignation. If the resignation is to be effective at some future time, the Board may, under Section 7.03(d), appoint a successor to fill the vacancy when the resignation becomes effective.
- (b) Removal. A sitting Director may only be removed from office for cause. "Cause" shall include, but shall not be limited to, failure of the Director to attend at least two consecutive duly noticed meetings of the Board, and failure to adequately justify to the Board the reason for the member's absence.
- (c) Declaration of Vacancies on the Board. The Board, by a majority vote of the Directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who fails or ceases to meet any required qualification that was in effect at the beginning of that director's current term of office.

- (d) Filling of Vacancies on the Board. If a vacancy occurs in any position on the Board—including because of the removal of a Director under Section 7.03(b)—other than because of the expiration of a Board member’s term, the vacancy shall be filled by the Board.

**Section 7.04. Number and Place of Meetings.** The Chair of the Board, and any other persons authorized by the Board, may call meetings of the Board. At the annual Plenary Meeting, or as soon thereafter as practicable, the Board shall adopt a schedule of regular meeting dates for the following year. Once approved, the scheduled dates may be modified, or meetings initially scheduled to be conducted in person may be changed to a meeting conducted by use of a telephone conference or other permitted electronic media by action of the Board. Except for meetings conducted in accordance with Section 7.05, regular and special meetings of the Board may be held at any place designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Council.

**Section 7.05. Meetings by Telephone Conference or Other Electronic Means.** Directors may participate in a meeting through the use of telephone conference, electronic video screen communications, or other communications equipment. Participation in a meeting through use of a telephone conference pursuant to this subdivision constitutes presence, in person, at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than telephone conference) constitutes presence in person at the meeting if all of the following conditions are satisfied:

- (a) Each Director participating in the meeting can communicate with all of the other members concurrently;
- (b) Each Director is provided the means of participating in all matters before the Board including, without limitation, the capacity to propose, or to interpose an objection to a specific action to be taken by the Council; and
- (c) The Council adopts and implements some means of verifying both of the following:  
(i) that a person participating in the meeting is a Board member or other person entitled to participate in the Board meeting; and (ii) that all actions of, or votes by, the Board are taken or cast only by the Board members and not by persons who are not Board members.

**Section 7.06. Notice of Meetings.**

(a) Manner of Giving Notice. Notice of the time and place of all regular and special meetings of the Board shall be given to each Director by one of the following methods:

- (i) by personal delivery of written notice;
- (ii) by first-class mail, postage prepaid;
- (iii) by telephone communication, either directly to the Director, or to a voice messaging system or other system or technology designed to record and communicate messages;
- or

(iv) by facsimile, electronic mail, or other electronic means; provided however, that if notice is given by any means other than first-class mail or direct communication with a Director, the notice shall also be confirmed in writing, mailed or sent by facsimile or electronic transmission to his or her address, facsimile telephone number, or electronic mail address as shown on the records of the Council.

Notice of a meeting need not be given to any Director who signs a written waiver of notice, a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, or to any Director who attends the meeting without protesting, prior thereto or at commencement of the meeting, the lack of notice to such Director. All such waivers, consents, and approvals shall be filed with the Council records or made a part of the minutes.

(b) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by other permitted means must be must be given at least 48 hours prior to the scheduled time of the meeting.

(c) Content of Notices. The notice shall state the date, time, place, and the general purpose of the meeting.

**Section 7.07. Quorum Requirements.** A quorum of the Board shall consist of a majority of the Directors then in office.

**Section 7.08. Waiver of Notice.** The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Council records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting prior to or at the commencement of the meeting about the lack of notice.

**Section 7.09. Adjournment.** A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place, or may adjourn for purposes of reconvening in executive session to discuss and vote upon personnel matters, litigation in which the Council is or may become involved, and orders of business of a similar nature. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Except as provided, above, notice of adjournment need not be given.

**Section 7.10. Action Without a Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For purposes of this Section, "all Directors" shall not include any "interested director" as defined in California Nonprofit Corporation Law Section 5233. Section 5233 of the Law defines an interested director as a director who has a material financial interest in a transaction involving the corporation he or she is serving, unless the transaction is

expressly excluded from the definition of a "self dealing transaction" by other provisions of the same Law Section. See also Article XII, below ("Conflicts of Interest").

**Section 7.11. No Compensation for Directors.** Unless otherwise established by resolution of the Board, Directors shall not be entitled to compensation for their services as such. They may be reimbursed, however, for such actual expenses as may be determined by resolution of the Board to be just and reasonable. Expenses shall be supported by an invoice or voucher acceptable to the Board

**Section 7.12. Actions of the Board.** Each Director shall have one vote. All actions of the Board require that a quorum be present and that a majority of Directors actually voting are in favor of the action, except where a higher percentage of affirmative votes is required by these Bylaws or by the California Nonprofit Corporation Law.

## **ARTICLE VIII Duties and Powers of the Board and Limitations Thereon**

**Section 8.01. Specific Powers.** Without prejudice to the general powers of the Board set forth in Section 7.01, above, the Board shall have the following responsibilities and powers:

(a) Exercise all powers vested in a Board of a nonprofit public benefit corporation under the laws of the State of California.

(b) Remove all officers of the Council, and other Council employees; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix employee compensation..

(c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Council, and to fix their duties and to establish their compensation.

(d) Contract for and pay premiums for insurance and bonds (including indemnity bonds) which may be required from time to time by the Council.

(e) Pay all taxes and charges incurred by or levied against the Council.

(f) Delegate its duties and powers hereunder to the Executive Director, to officers of the Council or to committees established by the Board, subject to the limitations expressed in Sections 7.01.

(g) Prepare or cause to be prepared budgets, and maintain a full set of books and records showing the financial condition of the affairs of the Council in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare a financial report, a copy of which shall be made available to each Member of the Council as provided in Article XI, below.

(h) Appoint such committees as it deems necessary from time to time to implement the affairs of the Council in accordance with Article X, below.

(i) Open bank accounts and borrow money on behalf of the Council and designate the signatories to such bank accounts.

(j) Bring and defend actions on behalf of the Council so long as the action is pertinent to the operations of the Council.

### **Section 8.02. Limitations on Powers.**

(a) Actions Requiring the Consent or Approval of the Members. The Board may recommend to Members any action with respect to any matter identified in Section 6.01, ("Council Actions Requiring Member Approval"), unless the Members have taken action at a Plenary Meeting to specifically confer on the Board authority to act with respect to a particular matter.

(b) Self-Dealing Transactions. Notwithstanding the powers conferred on the Board pursuant to Sections 7.01 and 8.01, above, the Council shall not engage in any transaction which meets the definition of a "self-dealing transaction" as defined in California Nonprofit Corporation Law Section 5233 unless the transaction has been approved by one of the means specified in Section 5233(d). Generally speaking, Section 5233 defines a "self-dealing transaction" as any transaction to which the Council is a party and in which one or more of its directors (i.e., Board members) has a material financial interest. Certain transactions are excluded by that statute from being classified as self-dealing transactions.

(c) Transactions Between Corporations Having Common Directorships. Unless it is established that the contract or transaction is just and reasonable as to the Council at the time it is authorized, approved or ratified in accordance with the requirements imposed by California Nonprofit Corporation Law Section 5234, the Council shall not enter into a contract or transaction with any other corporation, association, or entity in which one or more of the members of the Council's Board are directors, unless the material facts relating to the transaction and the common directorship of the Director are fully known or disclosed to the Board. The Board must approve, authorize, or ratify any such contract or transaction in good faith and by a vote sufficient without counting the vote of the member(s) of the Board having a common directorship in another corporation that is a party to the transaction.

(d) Loans to Directors or Council Officers. The Council shall not make any loan of money or property to, or guarantee the obligation of, any Director or other officer, unless the transaction is first approved by the California Attorney General. This provision shall not apply to any reasonable advance on account of expenses anticipated to be incurred in the performance of the duties of the Director or other officer.

(e) Standards for Investment. Except as provided in California Nonprofit Corporation Law Sections 5240(c) and 5241, in the investment, reinvestment, purchase, acquisition, exchange, sale and management of the Council's investments, the Board shall:

(i) Avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the Council's capital; and

(ii) Comply with additional standards, if any, imposed by the Articles of Incorporation, these Bylaws, any resolutions duly adopted by the Board, or the express terms of any instrument or agreement pursuant to which the invested assets were contributed to the Council.

## ARTICLE IX Officers

**Section 9.01. Officers.** The officers of the Council shall be a Chair of the Board, a Vice Chair of the Board, a Secretary and a Treasurer. The Council may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Sections 9.03 and 9.05 of these Bylaws. All Officers shall be Representatives of Members in Good Standing of the Council as defined in Section 1.05(d) of these Bylaws.

**Section 9.02. Qualifications.** No person may hold more than one office at the same time, except that one person may hold the offices of Secretary and Treasurer concurrently.

**Section 9.03. Selection and Term of Office.** At its initial meeting of the calendar year, the Board shall select the Officers required by Section 9.01 from among the Directors. Any other Officers may, but need not be, selected from among the Directors. Each Officer will serve for one year or until their successors begin their respective terms of office.

**Section 9.04. [Reserved]**

**Section 9.05. Duties.** The officers perform those duties that are usual to their positions and that are assigned to them by the Board, including those duties that are set forth in the position descriptions for each officer as adopted by the Board from time to time. In addition, the Chair of the Council acts as Chair of the Board; the Vice Chair acts in place of the Chair when the Chair is not available; and the Treasurer is the chief financial officer of the Council.

**Section 9.06. Vacancies.** If a vacancy occurs among the required officer positions of the Council, for any reason, the Board shall fill that vacancy from among the other Directors who will serve the unexpired portion of the term.

**Section 9.07. Removal of Officers.** Any officer may be removed, with or without cause, by the Board, at any regular or special meeting. The notice of the Board shall identify, with reasonable specificity, the grounds for removal which shall either be (a) failure of the officer to attend at least two consecutive duly noticed meetings without a justified excuse as approved by the Board, or (b) repeated and material failure to perform the responsibilities of his or her office.

**Section 9.08. Resignation of Officers.** Any officer may resign at any time by giving written notice to the Board or to the Chair or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## ARTICLE X Standing and Other Committees

**Section 10.01. Standing Committees.** The Council has established the following Standing Committees: the Audit Committee and the Compensation Committee.



**Section 10.02 Audit Committee.** The Council shall have an audit committee consisting of at least three Directors, and may include nonvoting advisors. No employee of the Council may serve on the audit committee. Directors who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Council may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Council's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Conferring with the auditor regarding the Council's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to the directors, if any, for their service on the Board. If the Council has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

**Section 10.03. Compensation Committee.** The Council shall have a compensation committee consisting of at least three Directors and no one who is not a Director. No employee of the Council may serve on the compensation committee. Pursuant to California Government Code Section 12586(g) and the applicable provisions of federal law, the compensation committee shall review and approve the compensation, including benefits, of the executive director, president and/or chief executive officer and the Treasurer annually and upon initial hiring, whenever a modification in compensation is proposed, or when the term of employment is renewed, to ensure that it is just and reasonable. The review shall include an evaluation of the performance of the executive director, president, and/or chief executive officer and the Treasurer and an analysis of appropriate compensation comparability data. Based on the compensation committee's review, it shall recommend just and reasonable compensation amounts. At the request of the Chair of the Board or a majority of the Directors, the compensation committee shall review any issue involving staff compensation and benefits, including but limited to health and retirement plans.

**Section 10.04. Other Committees.** The Board may, by resolution, establish other standing and ad hoc committees and such committees may include persons who are not Directors; however, all committee members must be either representatives of a Council Member in Good Standing, or the Executive Director of the Council. The Board, as to matters within its jurisdiction, and the Members of the Council, as to matters within their jurisdiction, may delegate management of the Council's activities to any committee to the same extent that those powers could be delegated to agents, employees or independent contractors generally, and subject to the ultimate direction of the Board. In all other respects, committees shall be limited to making recommendations and reports to the Board or to the Members at a Plenary meeting (as to matters requiring Member action or approval) and to the Executive Director regarding matters that are within their respective missions as defined by the Board in the resolution establishing the advisory

committee. Unless otherwise directed by the Board, all members of such other committees shall have the right to vote on all matters before their respective committee. These committees shall not be deemed committees of the Board and shall not exercise any powers of the Board.

**Section 10.05. Limitations on Authority of Committees.** No committee appointed by the Board shall:

- (a) Take any final action on any matter that, under the California Nonprofit Corporation Law, also requires approval of the Members or approval of a majority of all Members;
- (b) Fill vacancies on the Board;
- (c) Amend or repeal Bylaws or adopt new Bylaws; or
- (d) Amend or repeal any resolution of the Board or the Council.

**Section 10.06. Meetings and Actions of Committees.** Meetings and actions of committees of the Council may be conducted informally, provided that all members of a committee must receive at least 7 days' notice of committee meetings, with notice given by one of the means sanctioned for the issuance of notice of Board meetings pursuant to Section 7.06. The Board may adopt additional rules for the governance of any committee it establishes, provided such rules are consistent with these Bylaws or, in the absence of rules adopted by the Board, any committee may adopt such rules for the committee's governance.

## ARTICLE XI

### Conflicts of Interest / Obligation of Recusal

**Section 11.01. Dues.** The Board shall recommend annual dues amounts for membership. The annual dues shall be based upon an annual budget duly approved by Members at a Plenary Meeting as required in Section 6.01 of these Bylaws and the Council's adopted policies.

**Section 11.02. Checks.** All checks or demands for money and notes of the Council shall be signed by the Executive Director and one or more officers of the Council; except that the Executive Director of the Council shall have authority to be the sole signatory on Council checks not to exceed such amount as may be designated from time to time by the Board.

**Section 11.03. Operating Account.** There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all dues as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Council's properties.

**Section 11.04. Other Accounts.** The Council shall maintain any other accounts it shall deem necessary to carry out its purposes.

**Section 11.05. Financial Statements.** The Board, through the audit committee, shall ensure regular independent, third-party review of the Council's financial affairs. Unless required

more frequently by law, grant or contract, such third-party review shall include an audit at least once every 3 calendar years. The Board may direct the audit committee to undertake audits more frequently. In a year in which the Board does not direct the audit committee to arrange for an audit, the Board may either direct the committee to undertake other forms of third-party review, or elect not to direct formal review for that calendar year. Audits or other formal reviews shall reflect the financial condition of the Council as of the date of the audit or formal review and shall summarize the financial transactions in which the Council was involved during the period between the last of such audits or formal reviews and the date of the current audit or formal review. A copy of the audit or formal review shall be available for examination by each member of the Council's Board and shall be made available for inspection under Section 12586(f) of the California Government Code. A copy of any annual financial statement and any income statement of the Council for each quarterly period of each fiscal year, and any accompanying balance sheet of the Council as of the end of such period, that has been prepared by the Council shall be kept on file in the principal office of the Council for 12 months.

The income statements, statements of changes in financial position, and the balance sheet referred to in this Section shall be accompanied by the report, if any, of any independent accountants engaged by the Council, or the certificate of an authorized officer of the Council that the financial statements were prepared without audit from the books and records of the Council. The Council shall also comply with the annual reporting requirements set forth in Sections 6321-6322 of the California Nonprofit Corporation Law.

## **ARTICLE XII**

### **Conflicts of Interest / Obligation of Recusal**

#### **Section 12.01. Conflicts of Interest.**

(a) No Representative of a Member of the Council shall make, participate in making, or in any way attempt to use his or her position as a Representative, Director, or officer of the Council to influence any decision or action of the Council at a Plenary Meeting or any decision or action of the Board with respect to contracts to provide services to the Council if the Representative is personally aware that the Member he or she represents on the Council, or any constituent organization that is a Member, or an affiliate of the Member, or the Member Representative him or herself, has a direct or indirect material financial interest in the subject matter of the decision or action to which the vote of the Council pertains. For purposes of this Article XII, a material financial interest is defined as an interest satisfying each of the following three elements:

(i) the interest relates to a grant received by the Member (or any Member-affiliated organization or the Member Representative him or herself) or originates from an agreement between the Member (or any Member-affiliated organization or the Member Representative him or herself) and any other person;

(ii) the interest is or will be worth \$2,000.00 or more in value provided to, received by, or promised to the Member, any Member-affiliated organization or the Member Representative him or herself within twelve (12) months of the date when the Council vote is conducted; and

(iii) the outcome of the vote is, or is likely to have, a positive impact on the aforementioned interest which will enhance its value by a factor of ten percent or more during the term of the agreement or grant.

(b) If a Member Representative knows that a material financial interest of his or her Member (or any Member-affiliated organization, or the Member Representative him or herself) may be positively influenced by a Council vote on any of the matters described in subparagraph (a) above, then prior to any vote by the Council on the matter the Representative shall be obligated to disclose to the Council the fact that his or her Member (or one or more of its Member-affiliated organizations, or the Member Representative him or herself) has/have a conflict with respect to the matter which involves a material financial interest. As a result of that disclosure, the Representative must be recused from voting on behalf of the interested Member, or any Member-affiliated organizations, or the Member Representative him or herself.

(c) Prior to entertaining any discussion and vote on any matter described in subparagraph (a) above, the presiding Chair shall read a statement reminding all attending Members of their obligations under this Article XII. That statement shall include a recital of the above definition of what constitutes a material financial interest.

**Section 12.02. Enforcement.** If any Member Representative or Member is found by the Board to have willfully failed to disclose a conflict of interest, as defined in Section 12.01 above, said conduct shall be grounds for voiding the vote of the Member. In addition, if it is determined that the Member Representative with the undisclosed conflict actively participated in any deliberations of the Board preceding the vote, it shall be presumed that the vote was adversely affected and thus rendered void and of no effect unless subsequently ratified by a proper vote which excludes the Member Representative with the conflict.

## **ARTICLE XIII Miscellaneous**

### **Section 13.01. Inspection of Books and Records.**

(a) Inspection by Council Members. All accounting books and records; minutes of proceedings of the Council's Members, Board and committees appointed by the Board; and membership lists and papers of the Council shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed Representative at the offices of the Council for any purpose reasonably related to the Member's interest as such. A Member's rights of inspection hereunder shall be exercisable on ten (10) days' written demand on the Council, which demand shall state the purpose for which the inspection rights are requested. Inspection rights shall be subject to the Council's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in Section 6330 and following of the California Nonprofit Corporation Law).

(b) Inspection by Directors. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Council and the physical properties owned by the Council. The right of inspection by a Director includes the right to make extracts and copies of documents.

(d) Rules Regarding Exercise of Inspection Rights. The Board may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when

inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member.

**Section 13.02. Executive Director.** The Council may, from time to time, employ the services of an Executive Director to manage the affairs of the Council. To the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Council, the Council, acting by and through its Board, may delegate to the Executive Director or to other employees or contractors any of its day-to-day management and maintenance duties and powers under these Bylaws, provided that the Executive Director shall at all times remain subject to the ultimate direction and control of the Board. Subject to those limitations, the Executive Director shall have sole responsibility for management, control and retention of other Council staff members.

**Section 13.03. Amendment or Repeal of Bylaws.** These Bylaws may be amended or repealed by the Members. If any provision of these Bylaws requires the vote of a larger proportion of the Board or of the Members than is otherwise required by law, that provision may not be altered, amended or repealed except by that greater vote. Notwithstanding the foregoing, the following types of Bylaws amendments shall require approval of the Members:

(a) Any amendment that would materially and adversely affect the rights of Members as to voting or transfer;

(b) Any amendment that changes the stated minimum or maximum number of authorized Directors or changes from a fixed number of Directors to a variable number of Directors or vice versa;

(c) Any amendment that extends the term of a Director beyond that for which the Director was elected or increases the term length or the number of consecutive terms that a Director may serve;

(d) Any amendment that increases the quorum requirement for meetings of the members;

(e) Any amendment that repeals, restricts, creates, or expands proxy rights of a Member;

(f) Any amendment that authorizes, repeals, or amends cumulative voting rights in an election of Directors; and

Any amendment that allows any Director to hold office by designation or selection rather than by election by the Members.

**Section 13.04. Notice Requirements.** Any notice or other document permitted or required to be delivered to Members as provided herein shall be delivered as required under these Bylaws, and shall be sent to the Member Representative designated under Section 3.03.

**Section 13.05. Annual Statement of General Information.** As and when required by California Nonprofit Corporation Law Section 6210, the Council shall file with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the authorized number of directors (i.e., Board members), the names and complete business or residence

addresses of all incumbent Board members, the names and complete business or residence addresses of the Chair, Vice Chair, Secretary and Treasurer, and the street address of its principal office in this state, together with a designation of the agent of the Council for the purpose of service of process.

**Section 13.06. Construction and Definitions.** Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular.

**Section 13.07. Indemnification of Corporate Agents.**

(a) Any person who was or is a Board member, officer, employee or other agent of the Council (collectively "Agents") may be indemnified by the Council for any claims, demands, causes of action, expenses or liabilities arising out of, or pertaining to, the Agent's service to or on behalf of the Council to the full extent permitted by California Nonprofit Corporation Law Section 5238.

(b) The Council shall have power to purchase and maintain insurance on behalf of any agent of the Council against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Council would have the power to indemnify the agent against such liability under Section 5238 of the California Nonprofit Corporation Law; provided, however, that the Council shall have no power to purchase and maintain such insurance to indemnify any agent of the Council for a violation of California Nonprofit Corporation Law Section 5233.

**Section 13.08. Nonpaid Directors; Alleged Failure to Discharge Duties; No Monetary Liability.** Except as provided in California Nonprofit Corporation Law Sections 5233 or 5237, there is no monetary liability on the part of, and no cause of action for damages shall arise against, any nonpaid Director, including any nonpaid Board member who is also a nonpaid officer of the Council based upon any alleged failure to discharge the person's duties as a Board member or officer if the duties are performed in a manner that meets all of the following criteria:

(a) The duties are performed in good faith;

(b) The duties are performed in a manner such Board member believes to be in the best interests of the Council; and

(c) The duties are performed with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

**Section 13.09. Personal Liability for Negligence.**

(a) Except as provided in subparagraph (c) below, there shall be no personal liability to a third party on the part of a volunteer Director or officer of the Council caused by the Board member's or officer's negligent act or omission in the performance of that person's duties as a Board member or officer, if all of the following conditions are met:

(i) The act or omission was within the scope of the Board member's or officer's duties;

- (ii) The act or omission was performed in good faith;
- (iii) The act or omission was not reckless, wanton, intentional, or grossly negligent; and

(iv) Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the Council, either in the form of a general liability policy or a Board member's and officer's liability policy, or personally to the Board member or officer. In the event that the damages are not covered by a liability insurance policy, the volunteer Board member or volunteer officer shall not be personally liable for the damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

(b) For purposes of this Section 13.09, "volunteer" means the rendering of services without compensation. "Compensation" means remuneration whether by the way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a Director or an officer does not affect that person's status as a volunteer within the meaning of this Section.

(c) This Section does not eliminate or limit the liability of a Board member or officer for (i) any liability with respect to self-dealing transactions as provided in California Nonprofit Corporation Law Section 5233 or any liability with respect to certain prohibited distributions, loans or guarantees as provided in Section 5237 of said law; or (ii) in any action or proceeding brought by the California Attorney General.

The following text is a scan of a document page, likely a page from a book or a report. The text is extremely faint and difficult to read, appearing as a series of light gray marks and shapes against a white background. It seems to contain several paragraphs of text, but the content is illegible due to the low contrast and blurriness of the scan. The text is arranged in a standard left-to-right, top-to-bottom format. There are some faint, larger characters that might be the start of words or sections, but they cannot be definitively identified. The overall appearance is that of a very poor quality scan of a printed document.



As Amended December 30, 2016

**BYLAWS**  
**OF THE**  
**CALIFORNIA URBAN WATER CONSERVATION COUNCIL,**  
a California Nonprofit Public Benefit Corporation

**ARTICLE I**  
**Recitals and Definitions**

**Section 1.01. Name of Corporation.** The name of this corporation shall be the California Urban Water Conservation Council. In the balance of these Bylaws, the corporation shall be referred to as the "Council."

**Section 1.02. The Council Is Nonprofit.** The Council has been formed pursuant to the California Nonprofit Corporation Law as a California nonprofit public benefit corporation.

**Section 1.03. Specific Purpose.** The specific and primary purpose of the Council is to help California's water utilities, businesses, and residents achieve efficiencies, conserve water, and obtain related economic and ecological benefits that will help California today and tomorrow.

In support of this purpose, the Council engages in activities that promote water conservation and water efficiency. More particularly, it:

- Conducts and promotes water efficiency-related research and evaluation;
- Serves as a technology, research and program information clearinghouse;
- Provides hands-on tools, training and professional networking opportunities;
- Advances the development of modern data analytics;
- Offers technical advice to its members and to local, state and federal agencies;
- Encourages strategic market interventions to help manufacturers, suppliers, retailers, workforce personnel, and others provide more water-efficient products and services; and
- Identifies and builds on effective collaborations.

**Section 1.04. Restrictions.** All policies and activities of the Council shall be consistent with: (a) applicable federal, state and local antitrust and trade regulation laws; (b) applicable tax-exemption requirements, including the requirement that no part of the Council's net earnings inure to the benefit of any private individual; and (c) all other legal requirements including, but not limited to, the California Nonprofit Corporation Law under which the Council is incorporated and to which its operations are subject, as amended from time to time.

Gregory Weber 11/15/2016 13:18

~~Deleted: is to implement the MOU, as defined in Section 1.05(f), below, which has been executed by and among Signatory Members comprised of the water suppliers, public advocacy organizations and other interested groups that are more particularly described in Section 3.01, below. Without limiting the foregoing, the Council shall make formal reports to the State Water Resources Control Board and to the governing bodies of all Council Members. Such reports shall include a formal annual written report. Other reports, such as status reports and periodic updates, may be prepared as deemed appropriate by the Council.~~

Gregory Weber 11/15/2016 13:20

~~Deleted: consistent with and limited by the MOU and shall also be~~

BYLAWS

As Amended December 30, 2016

**Section 1.05. Defined Terms.** The following terms shall, when used in these Bylaws, have the following meanings:

- (a) Board of Directors, Board, and Council Board of Directors mean and refer to the Board of Directors of the Council described in Article VII. "Director" means and refers to a member of the Board.
- (b) Chair of the Board and Vice Chair mean and refer to the persons who, from time to time, occupy those officer positions that are analogous to the positions of Chair and Vice Chair of a nonprofit corporate board. The Chair of the Board and Vice Chair shall have the duties and responsibilities more particularly defined in Section 9.05.
- (c) Members means and refers to any one admitted to membership under Sections 3.01 and 3.02.
- (d) Members in Good Standing means and refers to those Members who have paid their annual membership dues as of the time they seek to enjoy Council Privileges and Benefits.
- (e) Council Privileges and Benefits means and refers to those matters offered, from time to time, by the Council to its Members. Such Council Privileges and Benefits may include, but are not limited to, technical assistance, publications, training, written materials, access to Members-only portions of the Council's website and databases and discounted access to Council events. "Privileges and Benefits" includes the right to serve on a Council committee, work group, task force, project or similar effort; be awarded a contract as a Council consultant or other contractor; seek election and serve as a Council Board member; or participate in a vote of the Members.
- (f) Plenary Meeting means and refers to a meeting of the Members (see Article V).

**ARTICLE II  
Principal Office**

**Section 2.01. Location of Principal Office.** The principal office of the Council will be located at such place within the State of California as the Board of Directors may from time to time designate by resolution. Currently, the address of the principal office is 716 10<sup>th</sup> Street, Suite 200, Sacramento, California.

**ARTICLE III  
Council Membership**

**Section 3.01. Members of the Council.** Membership is open to any water provider, whether wholesale or retail, and whether publicly, privately or communally owned. Membership is also open to any other city, county, special district, agency or governmental organization; nonprofit organization; college, university or research organization; corporation; partnership; sole proprietorship; association; trade association; or individual; provided that the Member's mission and vision align with the Council's specific purpose under Section 1.03.

All Members in Good Standing are "members" within the meaning of Section 5056 of the California Nonprofit Corporation Law.

Only Members in Good Standing are entitled to enjoy Council Privileges and Benefits.

Gregory Weber 11/15/2016 13:22  
**Deleted:** ~~<#>Applicant~~ means and refers to an organization or an individual who has formally applied to become a Council Signatory Member pursuant to Section 3.02 and whose application remains subject to ratification by Voting Members. -

Gregory Weber 11/15/2016 13:19  
**Deleted:** ~~Council~~ means and refers to the California Urban Water Conservation Council. ~~<#>Full Member~~ means and refers to a to a Signatory Member that has paid in full its current annual assessment, as set out in Section 11.01. Only a Full Member is entitled to all Council Privileges and Benefits. - ~~<#>Signatory Member~~ means and refers to refers to an organization or, for certain Group 3 Signatory Members, an individual that has signed the MOU and has been accepted for membership in accordance with Section 3.02. Upon acceptance for membership, all Signatory Members are assigned to one of the three group classifications of membership more particularly defined in Section 3.03. These three groups are: -

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**Deleted:** ~~<#>Full Member~~ means and refers to a Signatory Member that has paid in full its current annual assessment, as set out in Section 11.01. Only a Full Member is entitled to all Council Privileges and Benefits. - ~~<#>Signatory Member~~ means and refers to refers to an organization or, for certain Group 3 Signatory Members, an individual that has signed the MOU and has been accepted for membership in accordance with Section 3.02. Upon acceptance for membership, all Signatory Members are assigned to one of the three group classifications of membership more particularly defined in Section 3.03. These three groups are: -

Gregory Weber 11/15/2016 13:25  
**Deleted:** Signatory Members

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**Deleted:** ~~<#>Signatory Member~~ means and refers to an organization or, for certain Group 3 Signatory Members, an individual that has signed the MOU and has been accepted for membership in accordance with Section 3.02. Upon acceptance for membership, all Signatory Members are assigned to one of the three group classifications of membership more particularly defined in Section 3.03. These three groups are: -

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BYLAWS

As Amended December 30, 2016

**Section 3.02. Establishing Membership.** Membership shall be effective upon the Council's receipt of a completed membership application, payment of dues and approval of membership application. The application shall be made to the Council's Executive Director, or his or her delegate, who will review it to ensure that the applicant's mission aligns with the Council's specific purpose. The Executive Director, or his or her delegate, shall approve or reject the application. Any disagreement with the Executive Director's decision may be reviewed by the Board of Directors, whose decision will be final and non-reviewable.

**Section 3.03. Member Representatives.** Each Member shall identify a principal contact who will receive Council communications and vote on matters for which Members are entitled to vote. Members shall keep their contact information current with Council staff.

**Section 3.04. Termination of Membership.** In addition to any grounds for termination under Sections 5340 - 5342 of the California Nonprofit Corporation Law, Members who do not pay their dues by the end of the calendar or fiscal year for which they have been invoiced will be dropped from the membership rolls. The procedures for any termination or suspension of membership shall be consistent with the requirements of Section 5341 of the California Nonprofit Corporation Law.

**ARTICLE IV  
Membership Voting**

**Section 4.01. Member Voting Rights.**

(a) **Generally.** Subject to the California Nonprofit Corporation Law, all Members in Good Standing shall be entitled to vote on matters for which a member vote is required by these Bylaws or requested by the Board. On each matter submitted to a vote of the members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote.

(b) **Required Vote for Valid Action.** Any action requiring the vote or approval of the Members of the Council shall require the affirmative vote of a majority of the Members actually voting. The foregoing voting requirements are further subject to the quorum requirements set forth in Sections 4.03(e) and 5.06.

**Section 4.02. Manner of Casting Votes.**

(a) **Voting at a Meeting or by Written Ballot.** Voting by Members may be by voice or by written ballot solicited in accordance with Section 5513 of the California Nonprofit Corporation Law, and Section 5.06 below. The vote on any other issue properly before a Plenary Meeting shall be conducted by secret ballot when determined by the chairman of the meeting, in his or her discretion, or when requested by 10 percent of the Members present at the meeting. In conducting such a secret ballot, Council staff or other individual(s) designated by the chair of the meeting may, if necessary, identify each ballot with a Member in some manner, e.g., by distributing numbered ballots, to ensure either that no Member casts more than one vote or that no non-member votes.

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**BYLAWS**

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(b) Substitute Representative. In the event that a Member Representative designated under Section 3.03 is unable to vote at a Plenary meeting or during a vote of the Members by Written Ballot Without a Meeting, the Member may designate a substitute representative by notifying Council staff in writing before submitting its vote. That designation shall be effective only for the specific vote in question.

(c) Proxy Voting. Proxy voting shall be permitted on any matter put to the vote of the Members subject to the following restrictions:

(i) If a Member cannot be represented at a Plenary meeting by the Member's Representative or substitute Representative, the Member can by written proxy, authorize the Representative (or substitute Representative) of another Member to appear and vote on behalf of the absent Member.

(ii) The proxy shall be a written authorization signed by the Member or the Member's attorney-in-fact, provided that a proxy shall be deemed signed if the Member's name is placed on the proxy by the Member or the Member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise.

(iii) The proxy shall only be valid for the Plenary meeting for which it is issued, and for any adjournment thereof.

(iv) The proxy shall be in the form of a limited proxy which is defined as a written proxy which instructs the proxy holder how he or she is to vote with respect to each matter which is scheduled to be presented at the Plenary for action by the Members.

(v) There shall be no votes by Proxy on Actions by Written Ballot Without a Meeting.

**Section 4.03. Action by Written Ballot Without a Meeting.**

(a) Written Ballots, Generally. In addition to voting in person or by proxy at Plenary Meetings, any matter or issue requiring the vote of the Members, including the election of the Board of Directors, may be submitted to the Members for a vote by use of a written ballot without the necessity of calling a Plenary Meeting, so long as the requirements for action by written ballot set forth in Section 5513 of the California Nonprofit Corporation Law and this Section 4.03 are met. The determination to seek Member approval by written ballot shall be made by a majority vote of the Board.

(b) Distribution of Written Ballots. In the event that any matter or issue is to be voted upon by written ballot, the Board shall distribute the written ballot to every Member at least 30 days prior to the final date the written ballots are to be received for counting.

(c) Content of Written Ballots. Any written ballot distributed to the Members to vote on an issue other than the election of the Board shall set forth the proposed action, and provide an opportunity to specify approval or disapproval of the proposal.

(d) Balloting Time Requirements. Any written ballot shall also provide a reasonable time within which to return the written ballot to the Council's principal office and shall state on its face or

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**BYLAWS**

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in an accompanying notice the date by which the written ballot must be returned in order to be counted. The time fixed for the return of ballots may only be extended if the Board notifies the Members (in the balloting materials originally sent to Members) that the right to extend has been reserved and then for no more than two successive periods of 30 days each. The time stated for the return of written ballots can be scheduled to coincide with the date of a Plenary Meeting.

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(e) **Requirements for Valid Action.** Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum specified in Section 5.06, below, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if approval was sought at a meeting of the Council Members.

(f) **Solicitation Rules.** Written ballots shall be solicited in a manner consistent with the requirements of Section 5.05, below, pertaining to the issuance of notice of Council Plenary meetings. All solicitations of written ballots shall indicate the number of responses needed to meet the quorum requirement for valid action. If approved by the Board of Directors and in compliance with Sections 20 and 21 of the California Corporations Code, a written ballot and any related material may be sent by electronic transmission by the Council and responses may be returned to the Council by electronic transmission to the Council.

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(g) **Notification of Balloting Results.** Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote immediately following the close of the balloting process and tabulation of the ballots. If the number of ballots cast is insufficient to constitute a quorum, the Board shall so notify the Members.

(h) **Prohibition of Revocation.** Once cast, a written ballot may not be revoked.

**ARTICLE V  
Plenary Meetings**

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**Section 5.01. Place of Meeting.** Plenary Meetings may be conducted at any reasonable place within the State of California, and at such time as may be designated by the Board in the notice of the Plenary Meeting.

**Section 5.02. Annual Plenary Meeting.** There shall be an annual Plenary Meeting in December of each year. The date, time and location of the annual Plenary Meeting shall be set forth in the notice of meeting sent to Members in accordance with Section 5.05, below.

**Section 5.03. Other Regular Meetings.** In addition to the annual Plenary Meeting, there shall be three quarterly Plenary Meetings on a day and at a time and place determined by the Board, and communicated to all Members at the inception of each calendar year or as soon thereafter as practicable.

**Section 5.04. Special Meetings.**

(a) **Persons Entitled to Call Special Meetings.** A simple majority of the Directors, or the Chair, may call special meetings of the Members at any time to consider any lawful business of the Council. In addition, five percent (5%) or more of the Members of may request the Council to convene a Plenary Meeting.

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(b) Procedures for Calling Special Meetings Requested by Members. If a special Plenary Meeting is called by the Members, the request shall be submitted by the requesting Members, in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail, by electronic transmission, or by facsimile transmission to the Chair, the Vice Chair, or the Secretary of the Council. The officer receiving the request shall cause notice to be promptly given to the Members, in accordance with the provisions of Section 5.05, that a special Plenary Meeting will be held, and the date, time and specific purpose for such meeting; which date shall be not less than 35, nor more than 90, days following the receipt of the request. If the notice calling for a special Plenary Meeting is not given within the 20 days immediately after receipt of the petitioner's request, the Members requesting the meeting may give the notice. Nothing contained in this subsection shall be construed to limit, fix, or affect the time when a Plenary Meeting may be held when the meeting is called by action of the Board, or the Chair.

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**Section 5.05. Notice of Meetings of the Members.**

(a) Generally. All notices of Plenary Meetings (whether regular or special) shall be sent, or otherwise given, in writing to each Member who, on the record date for notice of the meeting, is entitled to vote there at, in accordance with subparagraph (c) of this Section 5.05, not less than 10, nor more than 90, days before the date of the meeting. The notice shall specify the place, date, and hour of the Plenary Meeting and (i) in the case of a special Plenary Meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of a regular Plenary Meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the Members provided that any proper matter may be presented at a regular Plenary Meeting for action by the Members so long as a quorum is present. The notice of any Plenary Meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members.

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(b) Mailing of Notice. Notice of any Plenary meeting shall be given either personally or by first-class mail, or other written communication, including electronic mail, mail as authorized under Sections 20 and 21 of the California Corporations Code, charges prepaid, addressed to each Member, either at the address of that Member appearing on the books of the Council or the address given by the Member to the Council for the purpose of notice. If for any reason notice is given by mail and the notice is not sent by first-class, registered, or certified mail, the notice shall be given not less than 20, nor more than 90 days, before the meeting. Notice shall be deemed to have been given at that time when delivered personally or deposited in the mail or when sent by other means of written communication.

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(c) Affidavit of Mailing; Effect Thereof. An affidavit of the mailing or other means of giving notice of any Plenary Meeting may be executed by the Secretary of the Council, and if so executed, shall be filed and maintained in the Council's minutes book. The Secretary's affidavit shall constitute prima facie evidence of the giving of notice.

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**Section 5.06. Quorum Requirements.**

(a) A quorum of the Members for the purpose of conducting business at any Plenary Meeting shall be at least 30 Members. In addition, when a Plenary Meeting is actually attended by less than one-third of the voting power of Members (but at which a quorum is present), the only matters upon which action can be validly taken are those matters the general nature of which was described in the notice of the Plenary Meeting.

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(b) The Members present at a duly held Plenary Meeting at which a quorum is initially present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. For example, if a Plenary Meeting is called and is initially attended by 31 Members and prior to adjournment two Members leave the Plenary Meeting (thus leaving less than a quorum), a motion to approve the annual budget for the Council could nevertheless be entertained and valid action taken, if approved by at least 16 members.

(c) When Member approval is sought by written ballot (rather than at a Plenary Meeting) the minimum quorum requirement is satisfied when written ballots are returned to the Council within the prescribed balloting period from 30 or more Members.

**Section 5.07. Adjourned Meeting.** Any Plenary Meeting of the Council, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of a majority of the Members represented at the Plenary Meeting, either in person or by proxy. Unless there is an absence of a quorum (in which case no other business may be transacted at that meeting except as provided in Section 5.06(b)), the Members attending the reconvened Plenary Meeting may take any action that might have been transacted at the original meeting. When a Plenary Meeting is adjourned to another time or place, notice of the new meeting need not be given if the time and place thereof are announced at the Plenary Meeting at which the adjournment is taken. Notwithstanding the foregoing, if, after adjournment, a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who, on the record date for notice of the meeting, is entitled to vote thereat.

**Section 5.08. Waiver of Notice or Consent by Absent Members.**

(a) **Waiver and Consents, Generally.** If decisions are made by the Members at a Plenary Meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions made at that Plenary Meeting will be valid if, either before or after the meeting, each Member entitled to vote who was not present at the meeting consents to the meeting by signing a written (i) waiver of notice, (ii) consent to holding the Plenary Meeting, or (iii) an approval of the minutes of the Plenary Meeting. The waiver of notice need not specify the purpose or general nature of business to be transacted at such meeting unless action is taken, or proposed to be taken, on matters specified in Section 5.05(b); in which case, the waiver of notice must state the general nature of the matter. All such waivers, consents, or approvals shall be filed with the Council records or be made part of the minutes of the meeting.

(b) **Effect of Attendance at Plenary Meeting.** Attendance by a Member's Representative (or Substitute Representative) at a Plenary Meeting shall also constitute a waiver of notice of that Plenary Meeting with respect to that Member except when the Member's Representative (or Substitute Representative) attends the Plenary Meeting for the sole purpose of objecting at the beginning of the Plenary Meeting to the transaction of any business due to the inadequacy or illegality of the notice.

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**ARTICLE VI**  
**Actions Requiring Member Approval**

**Section 6.01. Actions Requiring Member Approval.** In addition to those matters requiring approval of the Members under the California Nonprofit Corporation Law or other applicable laws, the following actions of the Council shall require approval of the Voting Members:

- (a) Amendment of the Bylaws;
- (b) Approval of the annual budget;
- (c) Election of Directors and
- (d) Any matter for which the Board has called for a vote of the Members.

**Section 6.02. [Reserved]**

**ARTICLE VII**  
**Board of Directors**

**Section 7.01. Powers of Directors.** Subject to the provisions and limitations of the Articles of Incorporation of this corporation (the "Articles") and these Bylaws or any applicable laws, the business and affairs of the Council shall be vested in and exercised by, or under the direction of, the Council's Board of Directors. The Board may delegate the management of the activities of the Council to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Council shall continue to be managed and all corporate powers shall continue to be exercised under the ultimate direction of the Board. All Directors shall be Representatives of Members in Good Standing of the Council as defined in Section 1.05 (d) of these Bylaws

**Section 7.02. Composition, Term and Voting Eligibility.**

- (a) **Composition:** The authorized number of Directors shall consist of 21 Directors, until changed by amendment to these Bylaws.
- (b) **Selection and Term of Transition Board.**
  - (1) All Directors whose terms would have expired on December 31, 2016 shall continue to serve as Board members until December 31, 2017, or until such earlier time as they may resign or be removed from office.
  - (2) All Directors whose terms would have expired on December 31, 2017 shall continue to serve as Board members until December 31, 2018, or until such earlier time as they may resign or be removed from office.
- (c) **Appointment by Designation.**

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- (1) As soon as practicable on or after January 15, 2017, the Board shall have the authority and shall designate enough additional Directors to ensure that the total number of Directors is 21 (the designees are referred herein as the "Designated Directors"). The Designated Directors appointed under this Section shall assume their office immediately upon appointment. All such Designated Directors must be Representatives of Members in Good Standing as defined in Section 1.05(d).
  - (2) In making these designations, the Board may consider such factors as:
    - (i) Prior Service to the Council as a Special Advisor to the Board;
    - (ii) The addition of diversity to the Board, whether from:
      - (a) Perspective or experience;
      - (b) The type of organization represented;
      - (c) The Member's principal geographic region or area served; or
      - (d) Any other matter which the Board considers relevant.
  - (3) Regardless of Section 7.02(c)(2), the decisions about appointment by designation are entirely within the Board's discretion.
  - (4) Terms of Designated Directors.
    - (i) The Board shall have the authority to designate Designated Directors for a single term ending on December 31, 2017, or a single term ending December 31, 2018, or until such earlier time as a Designated Director may resign or be removed from office. In making such designations, the Board shall indicate which term each Designated Director is designated for.
  - (5) In order to implement staggered terms, in designating the Designated Directors, the Board shall ensure, to the extent practicable, that the terms of 10 of the total number of Directors authorized under Section 7.02(a) expire on December 31, 2017, and the terms of the remaining 11 Directors expire on December 31, 2018. After exercising its power to designate Designated Directors under Sections 7.02(c)(1)-(4), the Board's designation authority shall cease. Thereafter, Board positions shall only be filled by Annual Election, under Section 7.02(d), or Appointment to Fill a Vacancy under Section 7.03(d).
- (d) Annual Election.
- (1) In conjunction with the annual Plenary Meeting held in the Fourth Quarter of each calendar year, the Board shall conduct an election to fill the seats of Board members whose terms expire at the end of that calendar year. The election of Directors shall be by written ballot in compliance with California Nonprofit Corporation Law Section 5513.
  - (2) Nominations. Any Member Representative of a Member in Good Standing may seek election by notifying Council staff of its intent, via e-mail, no later than the first business day in November. Nominations do not need to be seconded. At the time that they notify Council staff of their intent to seek election, Member Representatives seeking election may submit a one-page candidate's statement. The Board may also nominate one or

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more Member Representatives of Members in Good Standing for Director positions and such nominees, if they agree to the nomination, may also submit a one-page candidate's statement.

(3) Within 7 days of the day described in Section 7.02(d)(2), Council staff shall provide all Members in Good Standing, by mail or, if approved by the Board and in compliance with California Corporations Code Section 20, via e-mail and by posting on its web page:

- (i) The number of open seats that will be filled in the Annual Election;
- (ii) the list of all nominations and the text of any candidate's statements received; and
- (iii) a ballot.

(4) Balloting. Each Member in Good Standing may submit one vote per candidate for as few or as many different candidates as they wish up to the number of seats that are open. Cumulative voting--i.e., the submission, on a given ballot, of multiple votes for the same candidate, is not permitted.

(5) Completed ballots must be received by Council staff by 5 PM, of the day of that year's annual Plenary Meeting. Ballots may be turned into Council staff at that Plenary Meeting or sent to the Council offices via e-mail (if the Council is in compliance with California Corporations Code Section 21), fax, courier, personal delivery, or postal service. Council staff shall announce the results of the election—including any need to conduct a Runoff election under Section 7.02(e)—the next business day, or as soon as possible thereafter.

### (e) Runoff Elections.

(1) In the event that there is a tie among two or more candidates for the final open seat(s) in an Annual Election, there shall be a Runoff election 7 days after Council staff announces the results of the Annual Election.

(2) At the time that Council staff announces the need for a run-off election, Council staff shall provide all Members in Good Standing, by mail or, if approved by the Board and in compliance with California Corporations Code Section 20, via e-mail and by posting on its web page:

- (i) The number of open seats that will be filled in the Runoff Election;
- (ii) The list of candidates who were tied for those seats during the Annual Election; and
- (iii) a ballot.

(3) Balloting. Each Member in Good Standing may submit one vote per Runoff candidate for as few or as many different candidates as they wish up to the number of seats that are to be decided in the Runoff election. Cumulative voting--i.e., the submission, on a given ballot, of multiple votes for the same candidate, is not permitted.

(4) Completed ballots must be received by Council staff by 5 PM on the day for the Runoff election indicated under Section 7.02(e)(1). Ballots may be sent to the Council offices via e-mail (if the Council is in compliance with California Corporations Code Section 21), fax,

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courier, personal delivery, or postal service. Council staff shall announce the results of the Runoff election the next business day, or as soon as possible thereafter.

(5) In the event that a Runoff election itself results in a tie for one or more open seats, Council staff shall conduct one or more additional Runoff elections, under this Section 7.02(e), as necessary, until such time as all open seats are filled.

(f) Term.

(1) Except for Directors elected as part of a Runoff election, Board Members elected via an annual election shall take office on January 1 of the year following their election and serve for two years unless until such earlier time as they may resign or be removed from office.

(2) Board Members elected after a Runoff Election shall take office on the later of:

(i) The date indicated in Section 7.02(f) for Directors who were elected without the need to participate in the Runoff Election; or

(ii) Immediately upon their election.

(g) Eligibility for Voting. All Directors described in Sections 7.02(a) and 7.03(c) shall be entitled to vote on matters for which a vote of the Board is sought or required. No Director may vote by proxy, including by a substitute Representative.

(h) Non-voting Special Advisors. Representatives of agencies such as the California Department of Water Resources and the United States Bureau of Reclamation may serve as Special Advisors to the Board, if so invited by the Board. Such representatives, however, are not considered Directors for purposes of these Bylaws and shall have no vote in any matters for which a vote of the Board is sought or required.

**Section 7.03. Resignation and Removal from Office; Filling of Vacancies**

(a) Resignation. Any Director may resign at any time, effective upon giving written notice to the Executive Director or the Chair or Vice Chair, unless the resigning member's notice specifies a later time for the effectiveness of the resignation. If the resignation is to be effective at some future time, the Board may, under Section 7.03(d), appoint a successor to fill the vacancy when the resignation becomes effective.

(b) Removal. A sitting Director may only be removed from office for cause. "Cause" shall included, but shall not be limited to, failure of the Director to attend at least two consecutive duly noticed meetings of the Board, and failure to adequately justify to the Board the reason for the member's absence.

(c) Declaration of Vacancies on the Board. The Board, by a majority vote of the Directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who fails or ceases to meet any required qualification that was in effect at the beginning of that director's current term of office.

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**Composition of the Board of Directors.** The Board of Directors shall consist of the following persons: Representatives of Group 1 Signatory Members shall select from among themselves up to nine MOU signatories whose Representatives shall serve as members of the Board of Directors. Representatives of Group 2 Signatory Members shall select from among themselves up to eight MOU signatories whose Representatives shall serve as members of the Board of Directors. In addition, the individuals filling the positions of Chair of the Board and Vice Chair of the Board of the Council shall be **ex officio** members of the Board of Directors. (14)

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(d) Filling of Vacancies on the Board. If a vacancy occurs in any position on the Board—including because of the removal of a Director under Section 7.03(b)—other than because of the expiration of a Board member's term, the vacancy shall be filled by the Board.

**Section 7.04. Number and Place of Meetings.** The Chair of the Board, and any other persons authorized by the Board, may call meetings of the Board. At the annual Plenary Meeting, or as soon thereafter as practicable, the Board shall adopt a schedule of regular meeting dates for the following year. Once approved, the scheduled dates may be modified, or meetings initially scheduled to be conducted in person may be changed to a meeting conducted by use of a telephone conference or other permitted electronic media by action of the Board. Except for meetings conducted in accordance with Section 7.05, regular and special meetings of the Board may be held at any place designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Council.

**Section 7.05. Meetings by Telephone Conference or Other Electronic Means.** Directors may participate in a meeting through the use of telephone conference, electronic video screen communications, or other communications equipment. Participation in a meeting through use of a telephone conference pursuant to this subdivision constitutes presence, in person, at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than telephone conference) constitutes presence in person at the meeting if all of the following conditions are satisfied:

- (a) Each Director participating in the meeting can communicate with all of the other members concurrently;
- (b) Each Director is provided the means of participating in all matters before the Board including, without limitation, the capacity to propose, or to interpose an objection to a specific action to be taken by the Council; and
- (c) The Council adopts and implements some means of verifying both of the following: (i) that a person participating in the meeting is a Board member or other person entitled to participate in the Board meeting; and (ii) that all actions of, or votes by, the Board are taken or cast only by the Board members and not by persons who are not Board members.

**Section 7.06. Notice of Meetings.**

- (a) Manner of Giving Notice. Notice of the time and place of all regular and special meetings of the Board shall be given to each Director by one of the following methods:
- (i) by personal delivery of written notice;
  - (ii) by first-class mail, postage prepaid;
  - (iii) by telephone communication, either directly to the Director, or to a voice messaging system or other system or technology designed to record and communicate messages; or

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**Deleted:** <#>(c) . Filling of Vacancies on the Board. . If a vacancy occurs in any position on the Board other than the Chair of the Board, or Vice Chair of the Board, the Signatory Member whose Representative created the vacancy shall select a replacement Representative to serve on the Board of Directors for the remainder of the unexpired term, subject to approval by the Board of Directors. If a vacancy occurs in any position on the Board of Directors, other than the Chair of the Board or Vice Chair of the Board, by virtue of a Signatory Member's decision to withdraw from participation on the Board of Directors, the vacancy shall be filled from among Signatory Members that are of the same Group as the resigned Signatory Member by a caucus of the withdrawing Signatory Member's Group conducted either at the next Plenary Meeting or by telephone conference call, so long as all members of the Group are notified of the telephone conference and have an opportunity to participate. When a caucus is conducted by telephone conference, the actions taken shall be affirmed, at the next Plenary meeting, by members of the Group that conducted the caucus to fill the vacancy. If the vacancy occurs in a Group 1 seat, the vacancy shall be filled by a Signatory Member from the same Region of the State. If a vacancy occurs for any reason in the position of Chair of the Board, or Vice Chair of the Board for reasons other than expiration of the holder's term of office, the vacancy shall be filled in the manner prescribed in these Bylaws for normal appointments to that office, provided that a vacancy in the Chair of the Board or Vice Chair of the Board positions shall be filled by the Signatory Group of which the officer who created the vacancy was a member. However, vacancies need not be filled on an annual basis. If a vacancy occurs in the Special Advisors to the Board of Directors positions held by any State or Federal agency (see Section 7.02(b)), the vacancy shall be filled by the governmental agency with the power of designation. If a vacancy occurs in the Special Advisors to the Board of Directors positions held by a member of Group 3 (see Section 7.02(b)), the vacancy shall be filled by the Group 3 Signatory Members Committee. .

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(iv) by facsimile, electronic mail, or other electronic means; provided however, that if notice is given by any means other than first-class mail or direct communication with a Director, the notice shall also be confirmed in writing, mailed or sent by facsimile or electronic transmission to his or her address, facsimile telephone number, or electronic mail address as shown on the records of the Council.

Notice of a meeting need not be given to any Director who signs a written waiver of notice, a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, or to any Director who attends the meeting without protesting, prior thereto or at commencement of the meeting, the lack of notice to such Director. All such waivers, consents, and approvals shall be filed with the Council records or made a part of the minutes.

(b) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by other permitted means must be must be given at least 48 hours prior to the scheduled time of the meeting.

(c) Content of Notices. The notice shall state the date, time, place, and the general purpose of the meeting.

**Section 7.07. Quorum Requirements.** A quorum of the Board shall consist of a majority of the Directors then in office.

**Section 7.08. Waiver of Notice.** The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Council records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting prior to or at the commencement of the meeting about the lack of notice.

**Section 7.09. Adjournment.** A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place, or may adjourn for purposes of reconvening in executive session to discuss and vote upon personnel matters, litigation in which the Council is or may become involved, and orders of business of a similar nature. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Except as provided, above, notice of adjournment need not be given.

**Section 7.10. Action Without a Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For purposes of this Section, "all Directors" shall not include any "interested director" as defined in California Nonprofit Corporation Law Section 5233. Section 5233 of the Law defines an interested director as a director who has a material financial interest in a transaction involving the corporation he or she is serving, unless the transaction is

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expressly excluded from the definition of a "self dealing transaction" by other provisions of the same Law Section. See also Article XII, below ("Conflicts of Interest").

**Section 7.11. No Compensation for Directors.** Unless otherwise established by resolution of the Board, Directors shall not be entitled to compensation for their services as such. They may be reimbursed, however, for such actual expenses as may be determined by resolution of the Board to be just and reasonable. Expenses shall be supported by an invoice or voucher acceptable to the Board

**Section 7.12. Actions of the Board.** Each Director shall have one vote. All actions of the Board require that a quorum be present and that a majority of Directors actually voting are in favor of the action, except where a higher percentage of affirmative votes is required by these Bylaws or by the California Nonprofit Corporation Law.

**ARTICLE VIII  
Duties and Powers of the Board and Limitations Thereon**

**Section 8.01. Specific Powers.** Without prejudice to the general powers of the Board set forth in Section 7.01, above, the Board shall have the following responsibilities and powers:

- (a) Exercise all powers vested in a Board of a nonprofit public benefit corporation under the laws of the State of California.
- (b) Remove all officers of the Council, and other Council employees; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix employee compensation.
- (c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Council, and to fix their duties and to establish their compensation.
- (d) Contract for and pay premiums for insurance and bonds (including indemnity bonds) which may be required from time to time by the Council.
- (e) Pay all taxes and charges incurred by or levied against the Council.
- (f) Delegate its duties and powers hereunder to the Executive Director, to officers of the Council or to committees established by the Board, subject to the limitations expressed in Sections 7.01.
- (g) Prepare or cause to be prepared budgets, and maintain a full set of books and records showing the financial condition of the affairs of the Council in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare a financial report, a copy of which shall be made available to each Member of the Council as provided in Article XI, below.

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- (h) Appoint such committees as it deems necessary from time to time to implement the affairs of the Council in accordance with Article X, below.
- (i) Open bank accounts and borrow money on behalf of the Council and designate the signatories to such bank accounts.
- (j) Bring and defend actions on behalf of the Council so long as the action is pertinent to the operations of the Council.

**Section 8.02. Limitations on Powers.**

(a) Actions Requiring the Consent or Approval of the Members. The Board may recommend to Members any action with respect to any matter identified in Section 6.01, ("Council Actions Requiring Member Approval"), unless the Members have taken action at a Plenary Meeting to specifically confer on the Board authority to act with respect to a particular matter.

(b) Self-Dealing Transactions. Notwithstanding the powers conferred on the Board pursuant to Sections 7.01 and 8.01, above, the Council shall not engage in any transaction which meets the definition of a "self-dealing transaction" as defined in California Nonprofit Corporation Law Section 5233 unless the transaction has been approved by one of the means specified in Section 5233(d). Generally speaking, Section 5233 defines a "self-dealing transaction" as any transaction to which the Council is a party and in which one or more of its directors (i.e., Board members) has a material financial interest. Certain transactions are excluded by that statute from being classified as self-dealing transactions.

(c) Transactions Between Corporations Having Common Directorships. Unless it is established that the contract or transaction is just and reasonable as to the Council at the time it is authorized, approved or ratified in accordance with the requirements imposed by California Nonprofit Corporation Law Section 5234, the Council shall not enter into a contract or transaction with any other corporation, association, or entity in which one or more of the members of the Council's Board are directors, unless the material facts relating to the transaction and the common directorship of the Director are fully known or disclosed to the Board. The Board must approve, authorize, or ratify any such contract or transaction in good faith and by a vote sufficient without counting the vote of the member(s) of the Board having a common directorship in another corporation that is a party to the transaction.

(d) Loans to Directors or Council Officers. The Council shall not make any loan of money or property to, or guarantee the obligation of, any Director or other officer, unless the transaction is first approved by the California Attorney General. This provision shall not apply to any reasonable advance on account of expenses anticipated to be incurred in the performance of the duties of the Director or other officer.

(e) Standards for Investment. Except as provided in California Nonprofit Corporation Law Sections 5240(c) and 5241, in the investment, reinvestment, purchase, acquisition, exchange, sale and management of the Council's investments, the Board shall:

- (i) Avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the Council's capital; and

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(ii) Comply with additional standards, if any, imposed by the Articles of Incorporation, these Bylaws, any resolutions duly adopted by the Board, or the express terms of any instrument or agreement pursuant to which the invested assets were contributed to the Council.

ARTICLE IX
Officers

Section 9.01. Officers. The officers of the Council shall be a Chair of the Board, a Vice Chair of the Board, a Secretary and a Treasurer. The Council may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Sections 9.03 and 9.05 of these Bylaws. All Officers shall be Representatives of Members in Good Standing of the Council as defined in Section 1.05(d) of these Bylaws.

Section 9.02. Qualifications. No person may hold more than one office at the same time, except that one person may hold the offices of Secretary and Treasurer concurrently.

Section 9.03. Selection and Term of Office. At its initial meeting of the calendar year, the Board shall select the Officers required by Section 9.01 from among the Directors. Any other Officers may, but need not be, selected from among the Directors. Each Officer will serve for one year or until their successors begin their respective terms of office.

Section 9.04. [Reserved]

Section 9.05. Duties. The officers perform those duties that are usual to their positions and that are assigned to them by the Board, including those duties that are set forth in the position descriptions for each officer as adopted by the Board from time to time. In addition, the Chair of the Council acts as Chair of the Board; the Vice Chair acts in place of the Chair when the Chair is not available; and the Treasurer is the chief financial officer of the Council.

Section 9.06. Vacancies. If a vacancy occurs among the required officer positions of the Council, for any reason, the Board shall fill that vacancy from among the other Directors who will serve the unexpired portion of the term.

Section 9.07. Removal of Officers. Any officer may be removed, with or without cause, by the Board, at any regular or special meeting. The notice of the Board shall identify, with reasonable specificity, the grounds for removal which shall either be (a) failure of the officer to attend at least two consecutive duly noticed meetings without a justified excuse as approved by the Board, or (b) repeated and material failure to perform the responsibilities of his or her office.

Section 9.08. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the Chair or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE X
Standing and Other Committees

Section 10.01. Standing Committees. The Council has established the following Standing Committees: the Audit Committee and the Compensation Committee.

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**Section 10.02. Audit Committee.** The Council shall have an audit committee consisting of at least three Directors, and may include nonvoting advisors. No employee of the Council may serve on the audit committee. Directors who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Council may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Council's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Confering with the auditor regarding the Council's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to the directors, if any, for their service on the Board. If the Council has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

**Section 10.03. Compensation Committee.** The Council shall have a compensation committee consisting of at least three Directors and no one who is not a Director. No employee of the Council may serve on the compensation committee. Pursuant to California Government Code Section 12586(g) and the applicable provisions of federal law, the compensation committee shall review and approve the compensation, including benefits, of the executive director, president and/or chief executive officer and the Treasurer annually and upon initial hiring, whenever a modification in compensation is proposed, or when the term of employment is renewed, to ensure that it is just and reasonable. The review shall include an evaluation of the performance of the executive director, president, and/or chief executive officer and the Treasurer and an analysis of appropriate compensation comparability data. Based on the compensation committee's review, it shall recommend just and reasonable compensation amounts. At the request of the Chair of the Board or a majority of the Directors, the compensation committee shall review any issue involving staff compensation and benefits, including but limited to health and retirement plans.

**Section 10.04. Other Committees.** The Board may, by resolution, establish other standing and ad hoc committees and such committees may include persons who are not Directors; however, all committee members must be either representatives of a Council Member in Good Standing, or the Executive Director of the Council. The Board, as to matters within its jurisdiction, and the Members of the Council, as to matters within their jurisdiction, may delegate management of the Council's activities to any committee to the same extent that those powers could be delegated to agents, employees or independent contractors generally, and subject to the ultimate direction of the Board. In all other respects, committees shall be limited to making recommendations and reports to the Board or to the Members at a Plenary meeting (as to matters requiring Member action or approval) and to the Executive Director regarding matters that are within their respective missions as defined by the Board in the resolution establishing the advisory

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committee. Unless otherwise directed by the Board, all members of such other committees shall have the right to vote on all matters before their respective committee. These committees shall not be deemed committees of the Board and shall not exercise any powers of the Board.

**Section 10.05. Limitations on Authority of Committees.** No committee appointed by the Board shall:

- (a) Take any final action on any matter that, under the California Nonprofit Corporation Law, also requires approval of the Members or approval of a majority of all Members;
- (b) Fill vacancies on the Board;
- (c) Amend or repeal Bylaws or adopt new Bylaws; or
- (d) Amend or repeal any resolution of the Board or the Council.

**Section 10.06. Meetings and Actions of Committees.** Meetings and actions of committees of the Council may be conducted informally, provided that all members of a committee must receive at least 7 days' notice of committee meetings, with notice given by one of the means sanctioned for the issuance of notice of Board meetings pursuant to Section 7.06. The Board may adopt additional rules for the governance of any committee it establishes, provided such rules are consistent with these Bylaws or, in the absence of rules adopted by the Board, any committee may adopt such rules for the committee's governance.

**ARTICLE XI  
Conflicts of Interest / Obligation of Recusal**

**Section 11.01. Dues.** The Board shall recommend annual dues amounts for membership. The annual dues shall be based upon an annual budget duly approved by Members at a Plenary Meeting as required in Section 6.01 of these Bylaws and the Council's adopted policies.

**Section 11.02. Checks.** All checks or demands for money and notes of the Council shall be signed by the Executive Director and one or more officers of the Council; except that the Executive Director of the Council shall have authority to be the sole signatory on Council checks not to exceed such amount as may be designated from time to time by the Board.

**Section 11.03. Operating Account.** There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all dues as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Council's properties.

**Section 11.04. Other Accounts.** The Council shall maintain any other accounts it shall deem necessary to carry out its purposes.

**Section 11.05. Financial Statements.** The Board, through the audit committee, shall ensure regular independent, third-party review of the Council's financial affairs. Unless required

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more frequently by law, grant or contract, such third-party review shall include an audit at least once every 3 calendar years. The Board may direct the audit committee to undertake audits more frequently. In a year in which the Board does not direct the audit committee to arrange for an audit, the Board may either direct the committee to undertake other forms of third-party review, or elect not to direct formal review for that calendar year. Audits or other formal reviews shall reflect the financial condition of the Council as of the date of the audit or formal review and shall summarize the financial transactions in which the Council was involved during the period between the last of such audits or formal reviews and the date of the current audit or formal review. A copy of the audit or formal review shall be available for examination by each member of the Council's Board and shall be made available for inspection under Section 12586(f) of the California Government Code. A copy of any annual financial statement and any income statement of the Council for each quarterly period of each fiscal year, and any accompanying balance sheet of the Council as of the end of such period, that has been prepared by the Council shall be kept on file in the principal office of the Council for 12 months.

The income statements, statements of changes in financial position, and the balance sheet referred to in this Section shall be accompanied by the report, if any, of any independent accountants engaged by the Council, or the certificate of an authorized officer of the Council that the financial statements were prepared without audit from the books and records of the Council. The Council shall also comply with the annual reporting requirements set forth in Sections 6321-6322 of the California Nonprofit Corporation Law.

ARTICLE XII
Conflicts of Interest / Obligation of Recusal

Section 12.01. Conflicts of Interest.

(a) No Representative of a Member of the Council shall make, participate in making, or in any way attempt to use his or her position as a Representative, Director, or officer of the Council to influence any decision or action of the Council at a Plenary Meeting or any decision or action of the Board with respect to contracts to provide services to the Council if the Representative is personally aware that the Member he or she represents on the Council, or any constituent organization that is a Member, or an affiliate of the Member, or the Member Representative him or herself, has a direct or indirect material financial interest in the subject matter of the decision or action to which the vote of the Council pertains. For purposes of this Article XII, a material financial interest is defined as an interest satisfying each of the following three elements:

(i) the interest relates to a grant received by the Member (or any Member-affiliated organization or the Member Representative him or herself) or originates from an agreement between the Member (or any Member-affiliated organization or the Member Representative him or herself), and any other person;

(ii) the interest is or will be worth \$2,000.00 or more in value provided to, received by, or promised to the Member, any Member-affiliated organization or the Member Representative him or herself, within twelve (12) months of the date when the Council vote is conducted; and

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(iii) the outcome of the vote is, or is likely to have, a positive impact on the aforementioned interest which will enhance its value by a factor of ten percent or more during the term of the agreement or grant.

(b) If a Member Representative knows that a material financial interest of his or her Member (or any Member-affiliated organization, or the Member Representative him or herself) may be positively influenced by a Council vote on any of the matters described in subparagraph (a) above, then prior to any vote by the Council on the matter the Representative shall be obligated to disclose to the Council the fact that his or her Member (or one or more of its Member-affiliated organizations, or the Member Representative him or herself) has/have a conflict with respect to the matter which involves a material financial interest. As a result of that disclosure, the Representative must be recused from voting on behalf of the interested Member, or any Member-affiliated organizations, or the Member Representative him or herself.

(c) Prior to entertaining any discussion and vote on any matter described in subparagraph (a) above, the presiding Chair shall read a statement reminding all attending Members of their obligations under this Article XII. That statement shall include a recital of the above definition of what constitutes a material financial interest.

**Section 12.02. Enforcement.** If any Member Representative or Member is found by the Board to have willfully failed to disclose a conflict of interest, as defined in Section 12.01 above, said conduct shall be grounds for voiding the vote of the Member. In addition, if it is determined that the Member Representative with the undisclosed conflict actively participated in any deliberations of the Board preceding the vote, it shall be presumed that the vote was adversely affected and thus rendered void and of no effect unless subsequently ratified by a proper vote which excludes the Member Representative with the conflict.

ARTICLE XIII  
Miscellaneous

**Section 13.01. Inspection of Books and Records.**

(a) Inspection by Council Members. All accounting books and records; minutes of proceedings of the Council's Members, Board and committees appointed by the Board; and membership lists and papers of the Council shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed Representative at the offices of the Council for any purpose reasonably related to the Member's interest as such. A Member's rights of inspection hereunder shall be exercisable on ten (10) days' written demand on the Council, which demand shall state the purpose for which the inspection rights are requested. Inspection rights shall be subject to the Council's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in Section 6330 and following of the California Nonprofit Corporation Law).

(b) Inspection by Directors. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Council and the physical properties owned by the Council. The right of inspection by a Director includes the right to make extracts and copies of documents.

(d) Rules Regarding Exercise of Inspection Rights. The Board may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when

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inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member.

**Section 13.02. Executive Director.** The Council may, from time to time, employ the services of an Executive Director to manage the affairs of the Council. To the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Council, the Council, acting by and through its Board, may delegate to the Executive Director or to other employees or contractors any of its day-to-day management and maintenance duties and powers under these Bylaws, provided that the Executive Director shall at all times remain subject to the ultimate direction and control of the Board. Subject to those limitations, the Executive Director shall have sole responsibility for management, control and retention of other Council staff members.

**Section 13.03. Amendment or Repeal of Bylaws.** These Bylaws may be amended or repealed by the Members. If any provision of these Bylaws requires the vote of a larger proportion of the Board or of the Members than is otherwise required by law, that provision may not be altered, amended or repealed except by that greater vote. Notwithstanding the foregoing, the following types of Bylaws amendments shall require approval of the Members:

(a) Any amendment that would materially and adversely affect the rights of Members as to voting or transfer;

(b) Any amendment that changes the stated minimum or maximum number of authorized Directors or changes from a fixed number of Directors to a variable number of Directors or vice versa;

(c) Any amendment that extends the term of a Director beyond that for which the Director was elected or increases the term length or the number of consecutive terms that a Director may serve;

(d) Any amendment that increases the quorum requirement for meetings of the members;

(e) Any amendment that repeals, restricts, creates, or expands proxy rights of a Member;

(f) Any amendment that authorizes, repeals, or amends cumulative voting rights in an election of Directors; and

Any amendment that allows any Director to hold office by designation or selection rather than by election by the Members.

**Section 13.04. Notice Requirements.** Any notice or other document permitted or required to be delivered to Members as provided herein shall be delivered as required under these Bylaws, and shall be sent to the Member Representative designated under Section 3.03.

**Section 13.05. Annual Statement of General Information.** As and when required by California Nonprofit Corporation Law Section 6210, the Council shall file with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the authorized number of directors (i.e., Board members), the names and complete business or residence

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 Deleted: Except as otherwise expressly provided herein, these Bylaws may only be amended or repealed and new Bylaws adopted by the affirmative vote or written ballot of a majority of all the Voting Members of the Council (which majority must also include a majority of each Group of Voting Members). Notwithstanding the foregoing, any amendment of the Bylaws must be consistent with the then current version of the MOU and the percentage of the Voting Members necessary to amend a specific clause or provision of these Bylaws shall be not less than the percentage of affirmative votes, or votes by classes of Voting Members, prescribed for action to be taken under that clause.

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addresses of all incumbent Board members, the names and complete business or residence addresses of the Chair, Vice Chair, Secretary and Treasurer, and the street address of its principal office in this state, together with a designation of the agent of the Council for the purpose of service of process.

**Section 13.06. Construction and Definitions.** Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular.

### **Section 13.07. Indemnification of Corporate Agents.**

(a) Any person who was or is a Board member, officer, employee or other agent of the Council (collectively "Agents") may be indemnified by the Council for any claims, demands, causes of action, expenses or liabilities arising out of, or pertaining to, the Agent's service to or on behalf of the Council to the full extent permitted by California Nonprofit Corporation Law Section 5238.

(b) The Council shall have power to purchase and maintain insurance on behalf of any agent of the Council against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Council would have the power to indemnify the agent against such liability under Section 5238 of the California Nonprofit Corporation Law; provided, however, that the Council shall have no power to purchase and maintain such insurance to indemnify any agent of the Council for a violation of California Nonprofit Corporation Law Section 5233.

**Section 13.08. Nonpaid Directors; Alleged Failure to Discharge Duties; No Monetary Liability.** Except as provided in California Nonprofit Corporation Law Sections 5233 or 5237, there is no monetary liability on the part of, and no cause of action for damages shall arise against, any nonpaid Director, including any nonpaid Board member who is also a nonpaid officer of the Council based upon any alleged failure to discharge the person's duties as a Board member or officer if the duties are performed in a manner that meets all of the following criteria:

- (a) The duties are performed in good faith;
- (b) The duties are performed in a manner such Board member believes to be in the best interests of the Council; and
- (c) The duties are performed with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

### **Section 13.09. Personal Liability for Negligence.**

(a) Except as provided in subparagraph (c) below, there shall be no personal liability to a third party on the part of a volunteer Director or officer of the Council caused by the Board member's or officer's negligent act or omission in the performance of that person's duties as a Board member or officer, if all of the following conditions are met:

- (i) The act or omission was within the scope of the Board member's or officer's duties;

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- (ii) The act or omission was performed in good faith;
- (iii) The act or omission was not reckless, wanton, intentional, or grossly negligent; and
- (iv) Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the Council, either in the form of a general liability policy or a Board member's and officer's liability policy, or personally to the Board member or officer. In the event that the damages are not covered by a liability insurance policy, the volunteer Board member or volunteer officer shall not be personally liable for the damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

(b) For purposes of this Section 13.09, "volunteer" means the rendering of services without compensation. "Compensation" means remuneration whether by the way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a Director or an officer does not affect that person's status as a volunteer within the meaning of this Section.

(c) This Section does not eliminate or limit the liability of a Board member or officer for (i) any liability with respect to self-dealing transactions as provided in California Nonprofit Corporation Law Section 5233 or any liability with respect to certain prohibited distributions, loans or guarantees as provided in Section 5237 of said law; or (ii) in any action or proceeding brought by the California Attorney General.

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Council means and refers to the California Urban Water Conservation Council.  
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Full Member means and refers to a Signatory Member that has paid in full its current annual assessment, as set out in Section 11.01. Only a Full Member is entitled to all Council Privileges and Benefits.

MOU means and refers to the Memorandum of Understanding Regarding Urban Water Conservation in California, originally dated September 1991, and as the MOU has been amended from time to time.

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Signatory Member: means and refers to an organization or, for certain Group 3 Signatory Members, an individual that has signed the MOU and has been accepted for membership in accordance with Section 3.02. Upon acceptance for membership, all Signatory Members are assigned to one of the three group classifications of membership more particularly defined in Section 3.03. These three groups are:

Group 1 Signatory Member means and refers to an organization that is described in Section 3.03 (a).

Group 2 Signatory Member means and refers to an organization that is described in Section 3.03 (b).

Group 3 Signatory Member means and refers to an organization or individual that is described in Section 3.03 (c).

Voting Member means and refers to Group 1 Signatory Members and Group 2 Signatory Members. Voting Members do not have to be Full Members in order to exercise their right to vote, although they do need to be Full Members in order to enjoy Council Privileges and Benefits. Group 3 Signatory Members are neither Voting Members within the meaning of these by-laws, nor are they "members" within the meaning of Section 5056 of the California Nonprofit Corporation Law.

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The membership of the Council shall be comprised of, and limited to, organizations that are signatories to MOU. Eligible signatories are: (1) water suppliers ("Group 1 Signatory Members"); (2) public advocacy organizations ("Group 2 Signatory Members"); and (3) other interested groups or individuals ("Group 3 Signatory Members"). Those three Groups are more particularly defined in Section 3.03. Notwithstanding anything herein to the contrary, only Group 1 Signatories and Group 2 Signatories may be "members" within the meaning of Section 5056 of the California Nonprofit Corporation Law.

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As provided in Section 7.2 of the MOU, the Council shall have a Membership Committee which shall have the responsibility of evaluating new Applicants for Membership in the Council and recommending to the Council approval or disapproval of the applicant and designating the recommended category of membership for the applicant. The Council may adopt and use an application form to be completed by



Applicants in order to guide the Council's Membership Committee in making recommendations to the Council regarding the proper Group classification for new Signatory Members. The Membership Committee shall consider applications and decide on the appropriate classification of Applicants. Following the Membership Committee's approval of an application, the Committee's action shall be ratified by the Voting Members at the Plenary Meeting next following the Membership Committee's approval. Immediately upon Plenary Meeting ratification, the Applicants will be deemed to be new Signatory Members. As of the date of the adoption of these Bylaws, the Signatory Members of the Council and their respective Group classifications (which are ratified and affirmed by the Voting Members' approval of these Bylaws) are as set forth in Exhibit "5A".

**Classifications of Membership; Definition of Signatory Groups.** The Council has three classes of membership comprised of the signatory groups identified in subparagraphs (a) thorough (c) of this Section 3.03:

(a) Water Suppliers -- Group 1 Signatory Members. Group 1 Signatory Members include and are limited to "water suppliers". A water supplier is any entity, including a city, which delivers or supplies water for urban use at the wholesale or retail level.

(b) Public Advocacy Organizations -- Group 2 Signatory Members. Group 2 Signatory Members include and are limited to public advocacy organizations. A "public advocacy organization" is defined to mean a nonprofit organization exempt from tax and described in either Internal Revenue Code Section 501(c)(3) or Section 501(c)(4); which has as one of its significant missions and exempt purposes, environmentally sound management and conservation of California's waterways and water resources and/or protection of the environment; and which has a clear, but non-vested, interest in advancing the Best Management Practices ("BMPs") of the MOU. No public advocacy organization may be admitted to the Council's membership if such organization has a primary function of representing trade, industrial or utility entities.

(c) Other Interested Groups -- Group 3 Signatory Members. Group 3 Members include other organizations, approved for membership as provided in Section 3.02, above, which have a strong interest in, and commitment to, the purposes of the Council, but which are not eligible for inclusion in either Group 1 or Group 2. Notwithstanding anything herein to the contrary, Group 3 Signatories are not "members" within the meaning of Section 5056 of the California Nonprofit Corporation Law.

**Section 3.04. Representatives of Signatory Members.** Each Signatory Member shall designate one representative to the Council. The Signatory Member shall be responsible for informing the Council of the identity of its designated representative at all appropriate times. Signatory Members may also name substitute representatives to attend meetings in place of the designated representative. Substitute representatives have the same voting rights as the Signatory's designated representative, but may not serve as an officer of the Council. Only one representative from any Signatory Member may vote on any matter presented to the Council Members, to the Board of Directors, or as the designated member of any committee appointed and constituted in accordance with Article X, below; provided, however, that the same person can be designated as the representative, or as a substitute representative, of more than

one Signatory Member within the same Group classification. Designated and substitute representatives of Signatory Members are referred to in these Bylaws as "Representatives."

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Each Signatory Member shall remain a Signatory Member until the organization, or individual, no longer qualifies for membership under Section 3.01, above, or wishes to withdraw. Organizations listed in Exhibit "5A" shall be deemed to meet the qualification requirements of Section 3.01.

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only Group 1 Signatory Members and Group 2 Signatory Members have voting rights with respect to matters requiring the approval of Council Members under the MOU and Voting Members under these Bylaws (see particularly Article VI, below).

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Collectively, members of those two Groups are referred to as the "Voting Members" whenever these Bylaws discuss the voting rights of Council Members.

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Unless these Bylaws specifically confer authority on Group 1 Signatory Members or Group 2 Signatory Members to take unilateral action with respect to a particular matter (such as caucus votes to fill Group vacancies on the Board of Directors),

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on the matter as to those actions identified in Section 6.02(b), below, and a two-thirds affirmative vote of each of Group 1 and Group 2 Signatory Members actually voting on the matter as to those actions identified in Section 6.02(a), below. As to any other action requiring the approval of the Voting Members not specifically identified in Section 6.02, below, the required affirmative vote shall be a majority of each of the Group 1 and Group 2 Signatory Members actually voting on the matter. The foregoing voting requirements are further subject to the quorum requirements set forth in Sections 4.03(e) and 5.06 below.

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Recommending to Signatory Members to study methodologies for Best Management Practices ("BMPs"), including procedures for assessing cost effectiveness and reliability of urban water conservation measures;

- (b) Development of guidelines, including discount rates, to be available to all Signatory Members in computing BMP benefits and costs pursuant to Exhibit 3 of the MOU;
- (c) Reviewing and modifying the economic principles set forth in Exhibit 3 of the MOU.
- (d) Collecting and summarizing information on implementation of BMPs and Potential Best Management Practices ("PBMPs").
- (e) Adopting or modifying BMP and PBMP lists.

(f) Adopting or modifying reliable water conservation savings data for BMPs.

(g) Adopting or modifying the schedules of implementation for existing and new BMPs.

(h) Adopting or modifying the schedules for research and demonstration projects for BMPs and PBMPs.

Coordinating and/or making recommendations regarding BMP study and demonstration projects.

(j) Approving or disapproving Membership Committee recommendations on applications for the addition of parties as Signatory Members to the MOU and assigning Applicants parties to one of the three Signatory groups as described in Section 1.3 of the MOU, or as designated by the Voting Members (see Section 3.02, above);

(k) Reviewing and modifying report formats for agency implementation programs.

(l) Making annual reports to the State Water Resources Control Board and Signatory Members on the above items based on the format described in Exhibit 5 of the MOU; and

(m) Undertaking such additional responsibilities as the Voting Members of the Council may agree upon.

**Required Member Vote to Approve Various Actions.** The following Voting Member approval requirements apply to particular actions of the Council, as listed in subparagraphs (a) and (b), of this Section 6.02:

(a) Actions Requiring Two-Thirds Vote of Voting Members. Any decision by the Council to (i) undertake additional responsibilities not currently described in the MOU and its Exhibits, (ii) modify or amend the MOU itself, (iii) modify Exhibits 2 or 3 of the MOU, or (iv) develop guidelines, including discount rates, to be available to all Signatory Members in computing BMP benefits and costs pursuant to Exhibit 3 of the MOU shall require both of the following:

(1) Written notification by the Council to all Signatory Members, giving the text of the proposed action or modification, at least 60 days in advance of the date of a regular or special meeting called by the Council to vote on the matter; and

(2) Approval of the proposed action or modification by the affirmative vote of at least two-thirds of each of the Group 1 and Group 2 Voting Members actually voting on the matter.

Although a meeting shall be called to coincide with the final date for return of ballots, approval of the Voting Members shall be solicited by use of a written ballot in accordance with Section 4.03, above.

(b) Actions Requiring Majority Voting Member Approval. The following actions shall require the affirmative vote of at least a simple majority of each of the Group 1 and Group 2 Voting Members actually voting on the matter:

(i) Approving the annual budget for the Council following presentation of the budget by the Board of Directors;

(ii) Adopting or modifying Best Management Practices and Potential Best Management Practices;

(iii) Approval and adoption of Council Strategic Plans;

(iv) Approving or disapproving Membership Committee recommendations on applications for the addition of parties as Signatory Members to the MOU and assigning Applicants to one of the three Signatory groups as described in Section 1.3 of the MOU, or as designated by the Voting Members (see Section 3.02, above);

(v) Adoption of Council policies, procedures and rules consistent with these Bylaws and the MOU; and

(vi) Approval of amendments to these Bylaws, other than any amendment to subparagraph (a), above.

**Section 6.03. Right of Members to Comment on Council Reports.**

Any Signatory Member shall be entitled to review draft reports prepared by the Council (see Section 1.03, above) and to comment on all reports. Such comments shall be included in any final report at the request of the Signatory Member submitting the comments.

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BylawsCouncilCouncil(a) Composition of the Board of Directors. The Board of Directors shall consist of the following persons: Representatives of Group 1 Signatory Members shall select from among themselves up to nine MOU signatories whose Representatives shall serve as members of the Board of Directors. Representatives of Group 2 Signatory Members shall select from among themselves up to eight MOU signatories whose Representatives shall serve as members of the Board of Directors. In addition, the individuals filling the positions of Chair of the Board and Vice Chair of the Board of the Council shall be *ex officio* members of the Board of Directors.

(b) Special Advisors to the Board of Directors. The Group 3 Signatory Members Committee, as defined and described in Section [10.01(b)] of these Bylaws, shall select up to four representatives of Group 3 Signatory Members,

who shall serve as Special Advisors to the Board of Directors ("Group 3 Special Advisors"). The Group 3 Signatory Members Committee shall select the Group 3 Special Advisors at the final Plenary Meeting of the year and the Group 3 Special Advisors shall begin service on January 1 of the following year. Each Group 3 Special Advisor shall serve for a term of approximately two years and any vacancy in a Group 3 Special Advisor position may be filled by the Group 3 Signatory Members Committee. The following persons shall also serve as Special Advisors to the Board of Directors: : (i) the outgoing Chair of the Board for the calendar year immediately following his or her term of office; and (ii) one designee from each of those State and Federal agencies selected by the Board of Directors as a result of the agencies' involvement in California water allotments, distribution, programs and/or policies. All Special Advisors to the Board of Directors, as well as the individuals filling the positions of Secretary and Treasurer, shall be entitled to attend and participate in meetings of the Board of Directors, but shall not be members of the Board of Directors and shall not have the right to vote on any matter before the Board of Directors. The Board of Directors shall, at any time, have the authority to enter into an executive session at which no individual who is not a member of the Board of Directors shall be entitled to be present.

(c) Terms of Office. Members of the Board of Directors shall hold office for a term of approximately two years. The terms shall be staggered with half of the positions of each group being elected each year. Unlimited consecutive terms may be served.

(d) Nominating and Election Process for Board of Directors Candidates. The Group 1 Signatory Members and the Group 2 Signatory Members shall nominate from among themselves candidates for election to the Board of Directors in person or in writing at the third Plenary Meeting of the year prior to the start of a new two-year term. Any nomination must be seconded by a Voting Member of the same Group, which second can be made in person or in writing, and accepted by the nominee in person or in writing, to be included on the ballot. The ballots of Group 1 and 2 candidates for the Board of Directors shall be included in the Plenary Meeting packet of the fourth and final Plenary Meeting of the year. All written nominations, seconds, and acceptances by candidates must be received by the Council prior to the start of the third Plenary Meeting.

The Voting Members of the Council shall vote on the ballot to elect members of the Board of Directors to represent their respective Groups at the final Plenary Meeting of each year. Cumulative voting (casting all four votes for one party) will not be permitted in any election of Board of Directors members. Ballots must be submitted at the final Plenary Meeting of each year or received by the Council prior to the start of the final Plenary Meeting at which the election is conducted. The successful candidates shall assume office starting January 1 of the following year. Votes may be made in person or in writing. Group 1 Voting

Members may vote for up to four or five candidates from their respective Group depending upon the voting year. Group 2 Voting Members may vote for up to four candidates from their respective Group. The top candidates from Group 1 for each Region as designated in section 7.02 (d) and the top four candidates from Group 2, as ranked by the number of votes received, shall be elected to the Board of Directors. If Group 2 nominates less than four candidates, all candidates from that Group shall be elected to the Board of Directors. If Group 1 nominates less than the total number of candidates for any Region, all candidates from that Region shall be elected to the Board of Directors. In a given election, each Voting Member shall be able to cast one ballot for each one of the open seats that belong to its respective Group.

(e) Regions. For purposes of selecting Board members from Group 1 Signatory Members, there are three (3) Regions of the State: Coastal, Inland, and South. The Regional Boundaries are defined in the Regional Voting Structure Policy document and Map of which a true copy is kept at the CUWCC office, and available to the public. The Boundaries of the Regions may be changed with approval of the Board of Directors and the Voting Members. Representatives of Signatory Members with service areas in more than one Region may run for the Board in the Region in which the greatest population is served by that Signatory Member.

(f) Apportionment. Regional apportionment of the Group 1 seats on the Board shall follow the formula set out in the Regional Voting Structure Policy document based upon the average of the proportion of total Group 1 Signatory Members per Region and the proportion of population served by Group 1 Signatory Members within a Region, times nine seats. Each Region will have at least one (1) seat and no more than five (5) seats on the Board. Signatory Members with service areas in more than one region will be counted as one (1) Signatory Member, and the population served by them in each region will be counted for that region as part of the apportionment calculation. The apportionment will be reviewed every four years beginning in 2015 by a Committee appointed by the Board, and as defined in the Regional Voting Structure Policy document. Any changes to apportionment will be approved by the Board and the Voting Members.

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The offices of Chair of the Board and Vice Chair of the Board shall not be held by Representatives from the same Group. The office of Chair of the Board shall alternate between Group 1 and Group 2 annually, with the Vice Chair of the Board assuming the office of Chair of the Board in the year immediately following completion of his or her term as Vice Chair of the Board. Where, for whatever reason, the Vice Chair of the Board does not assume the office of Chair of the Board in the year immediately following completion of his or her term as Vice Chair of the Board, the office of Chair of the Board shall be filled in the manner prescribed in these Bylaws for normal appointments to that office, provided that the office shall be held by a Representative of the Signatory Group of which the outgoing Vice Chair of the Board was a member. The Secretary and Treasurer shall be Representatives of Group 3 Signatory Members and shall be

nominated by the Group 3 Signatory Members Committee at the annual Plenary Meeting. The nominations for Secretary and Treasurer by the Group 3 Signatory Members Committee shall be subject to approval by the Board of Directors. If the Board of Directors elects the nominees for Secretary and Treasurer, they shall assume office starting on January 1 of the following year or on the date of their election, whichever is sooner. If the Board of Directors does not elect either or both of the nominees for Secretary and Treasurer, the Group 3 Signatory Members Committee shall have the opportunity to nominate another Representative of a Group 3 Signatory Member for such officer position or positions, subject to approval by the Board of Directors.

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**Election of Chair of the Board and Vice Chair of the Board.** The Voting Members shall elect the Chair of the Board and the Vice Chair of the Board pursuant to the provisions contained herein. Council Members shall nominate candidates for the offices of Chair of the Board and Vice Chair of the Board in person or in writing at the third Plenary Meeting of each year not less than 60 days prior to the Plenary Meeting during which the nominations are slated for election. Written nominations must be received by the Council at its principal office prior to the start of the third Plenary Meeting, either by first class letter, facsimile, or electronic message. Any nomination must be seconded by a Voting Member Representative in person or in writing, and accepted by the nominee in person or in writing to be included on the ballot. For the offices of Chair of the Board and Vice Chair of the Board, Group 1 and 2 Signatory Members may only nominate candidates for the office their Group will hold in the coming term. The ballot for the offices of Chair of the Board and Vice Chair of the Board shall be included in the Plenary packet of the final Plenary Meeting of each year. The Voting Members shall vote on the ballot at the final Plenary Meeting of each year. Votes may be made in person or in writing. Any absentee ballots must be received prior to the start of the Plenary Meeting to be counted. For the offices of Chair of the Board and Vice Chair of the Board, Group 1 and 2 Voting Members may only vote for candidates for the office their Group will hold in the coming term. For each office, the candidate receiving the most votes will be awarded the office.

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. Signatory Organizations whose representative serve as an officer of the Council may not substitute another individual to serve in that office.

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so long as written notice of the proposed action is given to the subject officer and to all Signatory Members of the Group that appointed the officer to office at least 30 days prior to the Board of Directors meeting at which the action to remove will be entertained.

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(a) **The Membership Committee.** In accordance with Section 7.2 of the MOU, the Council shall have a Membership Committee comprised of three Representatives of the Group 1 Signatory Members and three Representatives of the Group 2 Signatory Members. It shall be the duty of the Membership Committee to evaluate new signatory Applicants as follows:

(i) designate the category of membership, if any, for which an Applicant is qualified;

(ii) provisionally approve or disapprove an Applicant for membership according to a process approved by the Voting Members at a Plenary Meeting; and

(iii) forward any such provisional membership approvals to the next Plenary Meeting for ratification.

(b) The Group 3 Signatory Members Committee. The Council shall have a standing Group 3 Signatory Members Committee composed of one representative of each of the Group 3 Signatory Members. The Group 3 Signatory Members Committee shall have the authority to select the Group 3 Special Advisors and to nominate the Secretary and Treasurer, subject to the approval of the Board of Directors, as set forth above in Sections [7.02(b)] and [9.03] of these Bylaws. The Group 3 Signatory Members Committee shall not be deemed a committee of the Board of Directors and shall not exercise any powers of the Board of Directors.

**Section 10.05. Audit Committee.** The Council shall have an audit committee consisting of at least three members of the Board of Directors, and may include nonvoting advisors. No employee of the Council may serve on the audit committee. Members of the Board of Directors who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Council may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Council's audit committee charter as amended from time to time by the Board of Directors. Such duties include, but are not limited to:

(a) Assisting the Board of Directors in choosing an independent auditor and recommending termination of the auditor, if necessary;

(b) Negotiating the auditor's compensation;

(c) Conferring with the auditor regarding the Council's financial affairs; and

(d) Reviewing and accepting or rejecting the audit

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to the directors, if any, for their service on the Board of Directors. If the Council has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

**Section 10.06. Compensation Committee.** The Council shall have a compensation committee consisting of at least three members of the Board of Directors and no one who is not a member of the Board of Directors. No employee of the Council may serve on the compensation committee. Pursuant to California Government Code section 12586(g) and the applicable provisions of federal law, the compensation committee shall review the compensation of the executive director, president and/or chief executive officer and the Treasurer annually and whenever a modification in compensation is proposed. The review shall include an evaluation of the performance of



the executive director, president, and/or chief executive officer and the Treasurer and an analysis of appropriate compensation comparability data. Based on the compensation committee's review, it shall recommend just and reasonable compensation amounts. At the request of the Chair of the Board or a majority of the members of the Board of Directors, the compensation committee shall review any issue involving staff compensation and benefits, including but limited to health and retirement plans.

(c) Inspection by Members of the Public. Regular reports of Signatory Members concerning their water conservation activities and efforts shall be available for public inspection, as are any reports or filings of the Council with the State Water Resources Control Board.

