

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.

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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 10th 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.

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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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(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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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.

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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.

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.

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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 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.

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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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(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) 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

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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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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.