

**CALIFORNIA MENTAL HEALTH
SERVICES AUTHORITY**

BYLAWS

**BYLAWS
of the
CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

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**BYLAWS
of the
CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

ARTICLE 1

Section 1.1 - Purpose

The CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY (Authority) is established for the purpose of the Members to jointly develop, fund and administer mental health services and education Programs as determined on a regional, statewide, or other basis.

ARTICLE 2 - GOVERNING DOCUMENTS

Section 2.1 - Governing Documents

The governing documents of the Authority shall be the Joint Exercise of Powers Agreement of the Authority (Agreement), these Bylaws, and the Participation Agreements for Programs administered by the Authority. In the event of a conflict between the Agreement and these Bylaws, the Agreement controls.

ARTICLE 3 - MEMBER ENTITIES

Section 3.1 - Membership

Each party to the Agreement is a Member. Only those agencies defined in the Joint Powers Agreement are eligible to become a Member of the Authority by agreeing to be bound by the governing documents and by complying with all of the following requirements:

- 3.1.1 Submit a completed application for membership and indicate method for payment of Application Fee.
- 3.1.2 Submit copy of resolution providing authorization to join CalMHSA;
- 3.1.3 Execute the Joint Powers Agreement;
- 3.1.4 Be accepted for membership as provided in Section 3.2;
- 3.1.5 Identify in writing a director to represent the Member on the Board. The director will designate an alternate to the Board as provided in Article 4;
- 3.1.6 Ensure all representatives (director and alternate) file with the Executive Director the required Fair Political Practices Commission ("FPPC") forms upon assuming office, during office, and upon termination of office.

Section 3.2 - Approval of Membership

The Executive Director shall review each applicant's submittal and may schedule a meeting with the applicant to discuss. The Executive Director shall report the results which shall be the basis for the recommendation to the Board. The Board shall either approve, as provided in Section 4.1.3.1, or disapprove the application based upon the Executive Director's recommendation, the application, and any inspections, reports, or other material which would be pertinent to the decision.

ARTICLE 4 - BOARD

Section 4.1 – Board Composition

- 4.1.1 The Board of the Authority shall be comprised of one representative from each Member. In addition to the director appointed to represent the Member, an alternate is designated by the director, who may vote in the absence of the director.
 - 4.1.1.1 Each representative, when voting on Authority business, shall have the authority to bind his or her Member to the action taken by the Board.
 - 4.1.1.2 The Member may change any of its representatives (director or alternate) to the Board by providing written notice to Authority.
 - 4.1.1.3 At a Board meeting only one representative, if more than one representative is present, may vote on behalf of the member.
- 4.1.2 The Board shall provide policy direction for the Executive Committee, and the Executive Director, and other appointed committees. The Board may delegate any of its responsibilities except those requiring a vote by the Board as specified in the Agreement or the Governing Documents.
- 4.1.3 The Board reserves unto itself the authority to do the following (except where specifically otherwise noted, the majority of the Board members present at a meeting may take action):
 - 4.1.3.2 Approve indebtedness (two-thirds vote of the entire Board);
 - 4.1.3.3 Adopt a budget;
 - 4.1.3.4 Amend these Bylaws;
 - 4.1.3.5 Approve contracts for Authority administrative services and legal counsel;
 - 4.1.3.6 Establish a Program if the Program involves more than one member and funding by members;
 - 4.1.3.7 Approve dividends and assessments to members of a Program year;
 - 4.1.3.8 Expel a member from the Authority (two-thirds vote of the entire Board);
 - 4.1.3.9 Terminate or suspend the rights of a member in default (two-thirds vote of the entire Board); and
 - 4.1.3.10 Approve dissolution of Authority (two-thirds vote of entire Board.)

Section 4.2 - Meetings of the Board

- 4.2.1 The Board shall hold at least two regular meetings each year to review all operations of the Authority. The Board will establish a time and place to hold such regular meetings and notice shall be sent to each director and alternate.
- 4.2.2 Every Member is expected to have its director or alternate attend Board meetings.
- 4.2.3 All meetings of the Board shall be conducted in accordance with the Ralph M. Brown Act (Government Code §54950 et seq.)
- 4.2.4 A special meeting may be called by the President or Vice President in the absence of the President, or a majority of the Board, by notifying the Executive Director of the purpose of the meeting. The Executive Director shall provide 24 hours written notice to each director and alternate representative stating the purpose, date, time, and place of the meeting.

Section 4.3 - Voting

- 4.3.1 The presence of a majority of the membership of the Board shall constitute a quorum for the transaction of business. Following the establishment of a quorum, measures may be passed by a simple majority of Members present and voting, except as stated below.
- 4.3.2 A super majority of the Board is required as to those matters which are so specified in Section 4.1.3
- 4.3.3 As to votes on Program-specific matters (including but not limited to motions to approve Program Participation Agreements, to terminate a Program, or to expel a participant from a Program), only those members participating in the Program will be counted in determining whether there is a quorum and whether there is approval by a majority of those present and voting. Voting by Program participants regarding Program matters may be by roll call of the members participating. Program-specific votes shall be designated as such in the agenda for the meeting.
- 4.3.4 Upon the motion of any Board Member, seconded by another, passage of a measure by the Board will require approval through a weighted voting procedure rather than by majority or super majority vote. For weighted voting purposes there shall be a total of 75 votes. Each Member shall have one vote. The remaining votes shall be allocated among the Members based on the most recent census. "Census," as used in the Agreement and these Bylaws, shall mean the most recent E-1 Population Estimates of county population prepared by the California Department of Finance Demographic Research Unit. This calculation shall be performed and reviewed annually in June, prior to the next fiscal year. Any weighted vote will be a roll call vote. Weighted votes must be cast in whole by the voting county and may not be split. As to an action affecting only one of the Authority's established Programs, the number of votes a member has shall be determined by the formula stated in this paragraph, but only the weighted votes of the participants in the Program would be counted in determining whether there is a quorum and whether there is approval by a majority of those present and voting.

- 4.3.5 Voting by proxy shall not be permitted.
- 4.3.6 If a quorum of the Board is not present at a regular meeting of the Board, the Executive Committee may act in the Board's stead if a quorum of the Executive Committee is present, except as to those actions listed in Section 4.1.3.
- 4.3.7 Representatives of Member Counties or Cities that have not financially participated in any Program of the Authority may attend and participate in Board meetings and vote on agenda items not specific to a particular Program, but may not be a member of the Executive Committee until such time as their County or City takes all steps necessary to assign Statewide PEI funds or to participate financially in some other Program of the Authority resulting in funds being received by the Authority for or on behalf of the member.

ARTICLE 5 – OFFICERS OF THE BOARD

Section 5.1 - Officers

The Officers of the Authority shall consist of President, Vice President, Treasurer, and a Secretary to the Board.

Section 5.2 - Eligibility for President, Vice President, Treasurer and Secretary

Eligibility for election and continuation in office as President, Vice President, Treasurer and Secretary of the Board shall be limited to one representative of a Member.

Section 5.3 - Terms of Office

- 5.3.1 The terms of office for the President, Vice President, Treasurer, and Secretary shall be for two years, commencing with the start of the fiscal years in each of the odd calendar years or until their successors are elected.
- 5.3.2 In accordance with Government Code § 53607 and CalMHSIA Investment Policy, the Treasurer (an elected position) shall be appointed every year as the investment delegate by the President of the Board.

Section 5.4 - Elections

- 5.4.1 Election of officers shall be performed biennially.
- 5.4.2 As referenced in Section 6.2, after receiving nominations from directors the Nominating Committee shall be responsible for developing a slate of nominees for regular elections.
- 5.4.3 Elections shall occur at the last regular Board meeting of the fiscal year in which the applicable officer term concludes. Those candidates receiving a majority of votes in each office will succeed to those offices. If no nominee receives a majority vote, the nominee with the least votes shall be deleted as a nominee and a new vote taken. This elimination process will continue until one nominee receives a majority vote. Each director to the Board or in the absence of any director, his/her alternate shall be eligible to vote.

- 5.4.4 The officers will serve for their elected terms with the Authority or until termination of office or employment with their Member, or until removal from office by a majority vote of the Board, whichever is earliest.
- 5.4.5 Vacancies in any office shall be appointed by the President, with the approval of the Board, at the next regularly scheduled Board meeting held after the vacancy occurs. A vacancy in the position of President shall be filled by election at the next regularly scheduled Board meeting held after the vacancy occurs.

Section 5.5 - Duties

- 5.5.1 President - The President shall preside at all meetings of the Authority. The President shall appoint the members of all ad hoc committees, which may be formed as necessary or appropriate for carrying on the activities of the Authority. The President shall execute documents, or delegate to the Executive Director on behalf of the Authority as authorized by the Board, and shall serve as the primary liaison between this and any other organization. The President shall serve as ex-officio member of all committees.
- 5.5.2 Vice President - The Vice President shall also serve as ex-officio member of all committees, when the President is unable to attend. In the absence of or temporary incapacity of the President, the Vice President shall exercise the functions covered in Section 5.5.1 above.
- 5.5.3 Secretary - The Secretary will be responsible for the oversight of staff's preparation and distribution of all minutes and agendas of the Board, and any other committee meetings, preparing necessary correspondence, and maintaining files and records.
- 5.5.4 Treasurer - The Treasurer shall serve under the authority of and comply with Government Code section 6505.6, and shall be responsible for: 1) ensuring the custody of and disbursement of Authority funds, accounts, and property, in accordance with the California Government Code; 2) supervising the maintenance of such records to assure that financial accounts, records, funds, and property are maintained in accordance with accepted accounting practices and procedures prescribed by the Government Accounting Standards Board; 3) providing for inspection of all financial records; 4) overseeing, monitoring, and reporting on investment action; and, 5) overseeing and monitoring the financial audit.

ARTICLE 6 - COMMITTEES

Section 6.1 – Executive Committee

- 6.1.1 Members - To facilitate the expeditious handling of transactions relating to the Authority's operations, an Executive Committee is established. The members shall be: 1) the offices of President, Vice President, Treasurer, Secretary; and 2) two directors from each of the five regions utilized by CMHDA: Bay Area, Central, Los Angeles, Southern, and Superior, and 3) the immediate past President, if available. The Board Members elected to represent a region on the Executive Committee may be either a County's (or City's) mental health director or the designated alternate for such mental health director.

Only the individual elected to represent the region can vote on the Executive Committee, regardless of whether that individual is a mental health director or a designated alternate.

- 6.1.2 Elections - In June of each even numbered year, each region shall each elect a representative for a two-year term to commence on July 1 of each even numbered year to serve on the Executive Committee along with the officers and other regional representatives. In June of each odd numbered year, each region shall each elect a representative for a two-year term to commence July 1 of each odd numbered year to serve on the Executive Committee along with the officers and other regional representatives. Only the directors for those counties within a region shall be eligible to vote for the representative of that region.
- 6.1.3 Meetings - The Executive Committee will meet as required by business. A majority of the members of the Executive Committee is a quorum for the transaction of business. Such meetings will be duly noticed to all Board directors and alternate representatives. The Authority Secretary shall be responsible for minutes of the meetings and shall send copies of such minutes to all Board directors, and alternate representatives All meetings of the Executive Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code § 54950, et seq.).
- 6.1.4 Authority - The Executive Committee shall have the same authority as that of the Board except for those authorities specifically reserved unto the Board in Article 4.1.3. The Executive Committee may also exercise the authority delegated by a vote of the majority of the participants in a Program.
- 6.1.5 Attendance - Attendance of Executive Committee members is essential to conducting the business of the Authority. An Executive Committee member missing a maximum of two meetings in a fiscal year, shall be subject to review by the Board or Executive Committee concerning forfeiture of his/her membership on the Executive Committee.
- 6.1.6 Vacancies - The remaining term of any vacant representative position shall be appointed by the President, with the approval of the Board, at the next regularly scheduled Board meeting held after the vacancy occurs.
- 6.1.7 Appeal Process - Any action taken by the Executive Committee may be appealed by a minimum of 20% of the Members of the Authority to the Board by filing a written appeal with the Executive Director within 14 days following the date the minutes are mailed as provided in Section 6.1.3. Upon receipt of such appeal, the Executive Director shall stay the action, and place the appeal on the agenda of the next regularly scheduled Board meeting. The decision of the Board shall be final.

Section 6.2 - Nominating Committee

- 6.2.1. A nominating committee shall be appointed by the President with the consent of the Board for the purpose of annual elections of Executive Committee members and the biennial elections of officers. The Nominating Committee shall consist of a minimum of three and a maximum of five members, and shall not include more than two members of the Executive Committee.

- 6.2.2. The nomination of candidates for the officers and Executive Committee shall be made in writing to the Board no later than 30 days prior to the last regular Board meeting of the fiscal year. The slate of nominees will be mailed to each director at least seven days before the last regular Board meeting of the fiscal year. Additional candidate(s) may be nominated at the time of the meeting, provided the candidate(s) meet the requirements set forth in Sections 5.4 and 6.1.

Section 6.3 – Finance Committee

- 6.3.1 The Finance Committee is established as a standing committee to oversee, review, and provide direction to the Authority’s Board of Directors regarding the Authority’s financial matters and investment programs. This Section 6.3 shall amend and supersede the Charter of the Finance Committee adopted on October 13, 2011.
- 6.3.2 The Finance Committee shall be composed of six voting members consisting of the Authority’s Treasurer, who shall serve as Chair, and a representative from each of the five (5) CMHDA regions. At least three of the Committee members shall be Board Members, who shall be determined and appointed by the President and approved by the Board of Directors. Two of the Committee members may be Chief Financial Officers of a County member of the Authority. In addition, the committee shall include the President of the Board of Directors, who shall serve as a non-voting Ex Officio Member.
- 6.3.3 Each committee member shall serve a two-year term with a renewal option upon recommendation of the Committee Chair and approval by the Board of Directors. New members (to fill vacancies or at the expiration of an existing member’s term) shall be appointed by the Board President and approved by the Board of Directors.
- 6.3.4 The Treasurer’s term as Chair shall correspond to his or her term as Treasurer as provided in Article 5. Other members’ terms shall be two years, except that in order to create staggered terms, the initial terms of three regional members (Los Angeles, Central and Superior) shall be three years. All such terms will be deemed to begin on December 31, 2011.
- 6.3.5 The Finance Committee shall have the following duties:
- 6.3.5.1 Review the Authority’s financial policies and make recommendations for the Board’s approval.
 - 6.3.5.2 Review the proposed annual operating budget presented by the Executive Director. After any appropriate revisions, the committee will accept the budget. Then the committee chair will present the budget to the Board of Directors for approval.
 - 6.3.5.3 Interview and recommend selection of the external auditor when directed by the Board of Directors.
 - 6.3.5.4 Review audited financial statements and accept and file report.

- 6.3.5.5 Recommend guidelines and goals for the investment of the Authority's funds to the Board of Directors.
- 6.3.5.6 Review the status of the Authority's investments.
- 6.3.5.7 Because action may need to be taken on short notice, more quickly than the Board of Directors could be convened, the Finance Committee is authorized to review bids of, select, contract with and/or discharge the investment consultant and/or the investment manager, if the President concurs. When it so acts, the Finance Committee shall report such actions to the Board of Directors at its next meeting.
- 6.3.5.8 Other duties as authorized by the Board of Directors.

Section 6.4 – Advisory Committee

- 6.4.1 A standing Advisory Committee has been established to serve as a hub of communication and disseminate program information to stakeholders, partners, the Executive Committee and the Board of Directors.
- 6.4.2 The Advisory Committee shall consist of twelve members. Six of the members shall be current members of the Board of Directors, and of these six, one shall be a member of the Executive Committee and each of the other five shall represent a CMHDA region. There shall be six stakeholder members, five of which shall represent a CMHDA region. One Board member and one stakeholder shall act as co-Chairs of the Advisory Committee. Each stakeholder member shall occupy a position of influence and be empowered to speak for his/her organization, and shall contribute to diverse representation of consumers and families, cultural groups, and age spans and geographic regions. Stakeholder members are selected by application to CalMHSA. Vacancies will be filled by a selections committee. The Selection Committee shall attempt to fill any vacant position with a member who represents the same CMHDA region and fulfills the Committee need for representation from diverse constituencies.
- 6.4.3 Members serve personally, and cannot be represented on the Advisory Committee by alternates. Members serve a term of two years, except that half of the original roster of members shall serve an initial term of three years. Each of the co-chairs shall serve initial three-year terms. The stakeholder co-chair shall designate two other stakeholder members to serve initial three-year terms, and the Director co-chair shall designate two other Director members to serve initial three-year terms. Vacancies shall be filled by a selection committee (which includes stakeholder representation) appointed by the President.
- 6.4.4 The Advisory Committee shall advise the Executive Committee and/or the Board of Directors regarding the following subjects:
 - 6.4.4.1 Regular reporting from Program Partners in key areas related to Core Principles adopted by the Authority

- 6.4.4.2 Development and administration of a system for compiling, analyzing and reporting stakeholder feedback on the statewide PEI and other programs
- 6.4.4.3 New programs or structures to be created, including program monitoring, compliance, and reporting of results
- 6.4.4.4 Member services and expansion of the Authority's services
- 6.4.5 The Advisory Committee will make recommendations to the Executive Committee and/or Board of Directors that have been adopted by consensus. When consensus is not reached, opposing positions will be reported to the Board of Directors.
- 6.4.6 Stakeholder members of the Advisory Committee will adhere to the Advisory Committee's Stakeholder Conflict of Interest Policy. Board Members that are members of the Advisory Committee are required to comply with the Authority's Conflict of Interest Code and Conflict of Interest Policy.

Section 6.5 - Other Committees

- 6.5.1. At any time the President may appoint an ad hoc committee.
- 6.5.2 The Board and the Executive Committee have the authority to add additional committee(s) as deemed necessary.

ARTICLE 7 – FINANCIAL AUDIT

Section 7.1 - Audit Required

The Board shall cause to be made, by a qualified, independent individual or firm, an annual audit of the financial accounts and records of the Authority. By unanimous request of the Board, the audit may be biennial as permitted by Government Code section 6505, subdivision (f). The minimum requirements of the audit shall be those prescribed by State law.

Section 7.2 - Filing an Audit

The financial audit report shall be filed with the State Controller's Office within 6 months of the end of the fiscal year(s) under examination. The Authority shall have a copy of the audit report filed as a public record with each Member.

Section 7.3 - Costs of Audit

The Authority shall bear all costs of the audit. Such costs shall be charged against the operating funds of the Authority.

ARTICLE 8 - FISCAL YEAR

Section 8.1 - Fiscal Year

The fiscal year of the Authority shall be the period from July 1st of each year through June 30th of the subsequent year.

ARTICLE 9 - BUDGET

Section 9.1 - Budget

The Board shall adopt an annual budget by July 1 of each year, with receipt of a draft budget forty-five days prior thereto.

ARTICLE 10 - ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Section 10.1 - Administration of Funds

The Authority is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It shall comply with every provision of law relating to the subject, particularly Section 6505 of the California Government Code, and any other regulations that become applicable based on the source or nature of funding received.

The funds received for each Program shall be accounted for separately on a full-accrual basis. The portion of each Program contribution allocated for payment of expenses, if any, shall be held by the Authority for the Program participants for each Program, and accounted for as prescribed by each Program Participation Agreement.

Section 10.2 - Deposit and Investment of Authority Funds

The Treasurer may deposit and invest Authority funds, subject to the same requirements and restrictions that apply to the deposit and investment of the general funds in accordance with California Government Code and in accordance with the Investment Policy annually.

Section 10.3 - Accounting Method for Programs

The accounting method for each Program will be in accordance with the provisions of the Participation Agreement governing that Program and the principles established by the Government Accounting Standards Board.

ARTICLE 11 - ADMINISTRATION

Section 11.1 - Executive Director

The Board shall appoint the Authority's Executive Director. The Executive Director shall be responsible for the daily administration, management, and operation of the Authority's Programs and shall be subject to the direction and control of the Board and the Executive Committee. The

Executive Director may, but need not be, an employee of the Authority, a consultant, or a corporation. Such arrangement shall be governed by contract and approved by Board

Section 11.2 - Compensation and Employment of Executive Director

The Authority shall compensate the Executive Director for services rendered to the Authority in such amount and manner as may be approved by the Board. Details respecting compensation, termination, and other employment related matters pertaining to the Executive Director shall be governed by such terms and conditions as the Board shall establish.

Section 11.3 – Authority of the Executive Director to Execute Contracts

The Board or the Executive Committee may delegate authority to the Executive Director to execute certain contracts on behalf of the Authority, either as to particular contracts, or as to particular categories of contracts. As used in this section, “contracts” includes Participation Agreements.

Section 11.4 – Program Director

The Board, or the Executive Director if authorized by the Board, may retain a Program Director to assist CalMHSA in setting goals and priorities; developing and managing the Authority’s Programs and projects; interacting with the state, counties, stakeholders and consumers on behalf of the Authority; contracting with and monitoring contractors; keeping the Authority’s Board informed of CalMHSA activities; and reporting to the California Department of Mental Health and the Mental Health Services Oversight and Accountability Commission.

Section 11.5 – Compensation and Employment of Program Director

The Authority shall provide for compensation of the Program Director if retained directly by the Authority, or if the Program Director is retained by the Executive Director, the contract with the Executive Director may be adjusted on such terms and conditions as the Board may establish to take into account the Executive Director’s obligation to compensate the Program Director.

ARTICLE 12 - PROGRAMS

Section 12.1 - Formation of Programs

12.1.1 The Authority may establish Programs in such areas as the Board may determine.

12.1.2 The Authority may authorize and use administrative funds to study the development/feasibility of new Programs. In the event of such development, the estimated Member contributions shall be developed by the Executive Director and each Member will be given a stated time period to state in writing whether it intends to participate in the new Program. Unless written notice of intent to participate in a Program is provided to the Executive Director by the Member, it shall be presumed that the Member declines to participate. Upon conclusion of the notice period, Member contributions will be determined and billed to the Members committed to join. Receipt by

the Authority of funds from third parties on behalf of, or as the assignee of, the Member will be deemed contributions on behalf of the Member. To the extent feasible, Member contributions to a Program shall be used reimburse the Authority's administrative funds used to study and develop the Program. Each Member that elects to participate will be bound to the new Program for the period of time so required by the Participation Agreement for that Program.

- 12.1.3 Establishment of a Program that may involve more than one member and contributions made directly by such Members requires a vote of the full Board. Once a Program is established, addition of other Members as participants does not require additional Board action. Single-County Programs and Programs funded entirely by grants or other non-Member sources may be established by vote of either the Board or the Executive Committee. As to such Programs, the Board or Executive Committee may delegate authority to the Executive Director to establish and execute Participation Agreements for such Programs, subject to the limits imposed in the delegation of authority.
- 12.1.4 The Participants in a Program shall adopt and maintain a Participation Agreement to establish the operating guidelines of that Program, except as to the Statewide PEI Program. As to the Statewide PEI Program, the relevant Information Notices, assignment documents executed on behalf of Members, CalMHSA contract with the California Department of Mental Health and these Bylaws are deemed to constitute the Participation Agreement.
- 12.1.5 Participation Agreements shall, among other things, specify the conditions under which additional Members will be allowed to join in the Program after its inception.

Section 12.2 – Program Withdrawal or Expulsion

- 12.2.1 Withdrawal or expulsion by a member from any Program shall be in accordance with the provisions of the Participation Agreement governing that Program. In the absence of a Participation Agreement for a Program, withdrawal or expulsion shall be governed by the Agreement and these Bylaws.
- 12.2.2 The withdrawal or expulsion of any participating member of any Program after the effective date of such Program shall not terminate its responsibility to contribute its share of contributions to any fund or Program created by the Authority. All current and past participating members shall be responsible for their respective share of the expenses, as determined by the Executive Director, until all unpaid liabilities, covering the period of the member's participation in the Program, have been finally resolved and a determination of the final amount of payments due by, or credit to, the participating member for the period of its participation has been made. The withdrawal or expulsion of any member from any Program shall not require the repayment or return to that member of all or any part of any contributions, payments, advances, or distributions except in conformance with the provisions set forth herein and in the Program's Participation Agreement.
- 12.2.3 Any participating member seeking to withdraw without proper and effective notice shall be responsible for the full cost of the subsequent year's contribution, and the notice will be deemed effective for the following year. The notice required to withdrawal from a

Program shall be stated in each Program's Participation Agreement, but in the absence of such provision shall be 6 months.

12.2.4 No member can be expelled from a Program except as provided by Article 14 of these Bylaws.

ARTICLE 13 – RESPONSIBILITIES OF THE MEMBER ENTITIES

Section 13.1 – Governing Documents

Each Member shall comply with the provisions of the governing documents.

Section 13.2 – Timely Payment

Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Authority.

Section 13.3 – Late Fees

Members with delinquent amounts due shall be assessed a penalty which shall be one percent of the unpaid amount due and payable to the Authority 30 days after the initial invoice due date. A penalty of another one percent shall accrue after an additional 45 days. Interest shall accrue on all delinquent amounts due and payable to the Authority at the applicable rate of 5% per annum from the due date of the billing until the date finally posted by the designated financial institution. Each Member shall indemnify the Authority from any expense resulting from its failure to pay the sum due on or before the due date. The Board may elect to temporarily suspend service or other deliverables, as deemed appropriate if a Member fails to pay its contribution. For the purpose of assessing penalties and interest, the fee calculation shall be based on each calendar day the delinquent amount is late and notwithstanding the foregoing no late fee or other charge shall exceed the maximum authorized by law.

Any late fee assessed in accordance with the provisions of this Section may be appealed. Such appeal shall be in accordance with the Authority's Dispute Resolution Policy.

Section 13.4 – Cooperation

13.4.1 Each Member shall provide the Authority with requested information and assistance in order to fulfill the Programs under this Agreement.

13.4.2 Each Member shall in all ways cooperate with and assist the Authority in all matters relating to this Agreement and comply with the policies, procedures and rules promulgated by the Authority.

13.4.3 If a Member is held liable upon any judgment for damages caused by a negligent or wrongful act or omission occurring in the performance of the Agreement and pays in excess of its pro rata share in satisfaction of such judgment, such public entity is entitled to contribution from each of the other Members that are parties to the Agreement. The pro rata share of each Member will be determined by its population as compared to the total population of all Members, based on the most recent census. The right of

contribution is limited to the amount paid in satisfaction of the judgment in excess of the pro rata share of the public entity so paying. No public entity may be compelled to make contribution beyond its own pro rata share of the entire judgment.

Section 13.5 – Confidential Records

Each Member shall maintain all confidential records in accordance with state regulations under the California Government Code § 6250, et seq., the California Public Records Act.

ARTICLE 14 - DEFAULTS AND EXPULSION FROM THE AUTHORITY

Section 14.1 - Events or Conditions of Default Defined

14.1.1 The following shall be "defaults" under the Agreement and these Bylaws:

- 14.1.1.1 Failure by a Member to observe and/or perform any covenant, condition, or agreement under the Governing Documents.
- 14.1.1.2 Consistent failure to: attend meetings, submit requested documents and cooperate in the fulfillment of the Program objectives;
- 14.1.1.3 Failure to pay any amounts, including penalties and interest, due to the Authority for more than 30 days;
- 14.1.1.4 The filing of a petition applicable to the Member in any proceedings instituted under the provisions of the Federal Bankruptcy Code or under any similar act which may hereafter be enacted; or
- 14.1.1.5 Any condition of the Member which the Board believes jeopardizes the financial viability of the Authority.

Section 14.2 - Remedies on Default

14.2.1 Whenever any event of default referred to in Section 14.1 of this article shall have occurred, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Agreement and these Bylaws. However, no remedy shall be sought for defaults, until the Member has been given 30 days written notice of default from the Board, except defaults under Sections 14.1.1.4 and 14.1.1.5.

14.2.2 Expulsion of a Member from the Authority:

- 14.2.2.1 The Board, as provided in Section 4.1.3.1, may expel from the Authority any Member that is in default, as defined in Section 14.1.1 of this Article.
- 14.2.2.2 Such expulsion shall be effective on the date prescribed by the Board, but not earlier than 30 days after written notice of expulsion has been personally served on or sent certified mail to the Member.
- 14.2.2.3 The expulsion of any Member from any Program shall not terminate the Member's responsibility to contribute its share of contributions or funds to any fund or Program created by the Authority, nor its responsibility to provide requested data. All current and past participants shall be responsible for their

respective share of the expenses, as determined by the Executive Director, until all unpaid liabilities, covering the period of the participant's participation in the program have been finally resolved and a determination of the final amount of payments due by, or credit to, the participant for the period of its participation has been made.

14.2.3 Expulsion from a Program:

14.2.3.1 Upon the occurrence of any default, the Board may temporarily terminate all rights of the defaulting Member in any program in which such Member is in default until such time as the condition causing default is corrected.

14.2.3.2 Upon the occurrence of any default, the Board, as provided in Section 4.1.3.10, may terminate permanently all rights of the defaulting Member in any program in which such Member is in default.

14.2.4 No remedy contained herein is intended to be exclusive. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 14.3 - Agreement to Pay Attorney's Fees and Expenses

In the event either the Authority or a Member is in breach of the Agreement and the other party employs attorneys or incurs other expenses for the collection of moneys or the enforcement of performance or observance of any obligation under the Agreement on the part of the defaulting party, the defaulting party shall pay to the other party the reasonable fees of such attorneys and such other expenses so incurred by the other party.

Section 14.4 - No Additional Waiver Implied by One Waiver

In the event any condition contained in the governing documents is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE 15 - LEGAL REPRESENTATION

Section 15.1 - Counsel Authorized

Legal counsel, to advise on matters relating to the operation of the Authority, may be recommended by the Executive Director and approved by the Board.

The Authority shall have the right to pay such legal counsel reasonable compensation for said services.

ARTICLE 16 - EXECUTION OF CONTRACTS

Section 16.1 - Authorization by Board

The Board or Executive Committee may authorize the Executive Director, any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Authority and such authorization may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Authority by any contract or to pledge its credit or to render it liable for any purpose or to any amount.

Section 16.2 – Representative and Officers Insurance

The Authority may purchase insurance indemnifying the Directors, Officers, and Administrative staff for personal liabilities arising out of wrongful acts in the discharge of their duties to the Authority or may elect to self-insure such risk.

ARTICLE 17 – WITHDRAWAL, EXPULSION AND TERMINATION

Section 17.1 – Termination and Distribution

The Agreement, these Bylaws, and the Authority continue to exist after termination for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the obligations and affairs of the Authority.

Section 17.2 – Distribution Upon Termination of the Authority

Upon termination of the Authority, the assets of the Authority shall be distributed and apportioned among the Members that have been participants in its programs, including those Members which previously withdrew or were expelled pursuant to Articles 13 and 14 of these Bylaws, and as provided by the Program Participation Agreements. Any additional funds received after the above distributions are made shall be returned in proportion to the contributions made.

Section 17.3 – Distributions to a Member Withdrawn or Expelled from a Program

If a Member withdraws or is expelled from a program, the Authority shall return any program contributions by the member, but only to the extent that the Member's contribution to that program exceeds the program expenses fairly allocable to the Member based on its proportionate contribution and period of participation.

Section 17.4 - Distributions to a Member Withdrawn or Expelled from the Authority

If a Member withdraws or is expelled from the Authority, the Authority shall return any contributions by the Member, but only to the extent that the Member's contribution to the Authority exceeds the Authority's expenses fairly allocable to the Member based on its proportionate contribution and period of participation in the Authority.

ARTICLE 18 - NOTICES

Section 18.1 - Notices

Any notice to be given or to be served upon any party hereto in connection with these Bylaws must be in writing (which may include facsimile) and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Any party may, at any time by giving five days prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.

Section 18.2 - Claims Against the Authority

Claims against the Authority shall be presented to the mailing address of the Authority.

ARTICLE 19 - EFFECTIVE DATE

Section 19.1 - Effective Date and Supremacy

These Bylaws shall be effective immediately upon the date of approval and upon adoption shall supersede and cancel any prior Bylaws and/or amendments thereto.

The Bylaws are an agreement between the Members, and supplement the Joint Powers Agreement to the extent they are not inconsistent with it. Any clauses in these Bylaws that are inconsistent with the Agreement shall be superseded by those clauses in the Agreement but only to the extent of the inconsistency.

ARTICLE 20 - AMENDMENTS

Section 20.1 – Procedure to Amend

These Bylaws may be amended or repealed from time to time as provided in Section 4.1.3.4.

Approved: June 23, 2009
Amended: July 15, 2010
Amended: July 14, 2011
Amended: December 15, 2011
Amended: October 11, 2012