

BYLAWS

SANTA MARGARITA GROUNDWATER AGENCY

XXXX XX, 2017

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PREAMBLE

These Bylaws are adopted and effective as of xx xx, 2017, pursuant to the Joint Exercise of Powers Agreement of the Santa Margarita Groundwater Agency (the "Agreement").

ARTICLE 1. THE AGENCY

1.1 NAME OF AGENCY. The name of the Agency created by the Agreement shall be the Santa Margarita Groundwater Agency ("SMGA" or "Agency").

1.2 OFFICE OF AGENCY. The principal office of the Agency shall be at the Scotts Valley Water District located at 2 Civic Center Drive, Scotts Valley, CA 95066, or at such other location as the Board may designate by resolution.

1.3 POWERS. The powers of the Agency shall be as set forth in Article 4 of the Agreement.

ARTICLE 2. BOARD OF DIRECTORS

2.1 BOARD OF DIRECTORS. The Agency shall be governed by a Board of Directors (the "Board") as set forth in Article 6 of the Agreement.

2.2 PROCEDURE FOR APPOINTMENT OF DIRECTORS REPRESENTING PRIVATE WELL OWNERS.

A procedure shall be followed that allows for the private well owners as a group to select their representatives to the Board. If the private well owners as a group are willing and able to agree on the two representatives for Directors positions and one representative for Alternate Director position, then those nominations shall be approved by the Member Agency Directors. If more applications are received than the number of positions available, the private well owner representatives shall be selected in the manner described below.

2.2.1 Notification. The Board shall issue formal notification of the opportunity to apply for the appointment to the Board as Directors representing the interests of private well owners.

- I. The notification shall include a description of the work of the Agency, the desired characteristics and skills of Directors representing the interests of private well owners and the screening criteria to be used in evaluating applications received, as well as the timeline for decision-making on appointees.
- II. The notification shall also describe the opportunity for the private well owners as a group to self-select their representatives by limiting the number of applications to only the number of positions available.
- III. The Board shall use a variety of print media, electronic and other formal and informal communication mechanisms in this notification, and the period of notification will cover, at a minimum, 10 working days.
- IV. A standardized application will be required as part of each applicant's submittal.
- V. Applications must be received in the Agency's offices (Scotts Valley Water District) by the close of the filing period.

2.2.2 Opportunity for Self-Selection. Upon the close of the filing period, if there are more applicants than the number of positions available, the applicants shall be notified of the opportunity to act as a group representative of the private well owners by reaching agreement among themselves for some applicants to withdraw their applications so that the remaining number of applications is the same as the number of positions available. Applicants shall be given the names and contact information of the other applicants and shall be allowed 30 days to meet and confer and seek agreement on which applicant(s) shall become the group representative(s). Withdrawal of an application must be done by submitting a request to withdraw signed by the applicant at the Agency office. If after 30 days, the number of applications is greater than the number of positions available, the procedure for selection described below will be followed.

2.2.3 Screening and Interviews. A subcommittee of the Board, with member agency staff participation as appropriate, shall screen applications using the set of screening criteria included in the notification described in 2.2.1. The subcommittee shall hold interviews with the top candidates from the screening process and develop recommendations for the full Board's consideration.

2.2.4 Nomination. The subcommittee of the Board involved with screening and interview of candidates shall nominate candidates for appointment to the Director positions representing private well owners, including one Alternate Director.

2.2.5 Appointment. Appointment of Directors and Alternate Director representing private well owners shall be made by a unanimous vote of the Member Agency Directors in compliance with Section 6.3.7 of the Agreement. If the private well owners have self-selected their representatives, as described in Section 2.2.2, the Board shall appoint those representatives.

2.3 CODE OF CONDUCT. The Board understands the importance and value of a positive and constructive culture to the overall performance of the Agency. In order for the Board to function in an effective manner, it is important that the Directors understand their respective roles and the level of performance necessary to carry out the duties of a Director. All Directors shall agree in writing to follow the Code of Conduct as presented in Appendix A.

ARTICLE 3. BOARD MEETINGS

3.1 MEETINGS. The Board's regular meeting schedule shall be developed and adopted by the Board at its first meeting after January 1st of each year. Special meetings of the Board may be called by the Chair or any four directors by written request. Board meetings shall be conducted in compliance with Article 8 of the Agreement, all applicable laws, and as further specified herein.

3.2 QUORUM. In determining a quorum as defined by Section 9.1 of the Agreement, Alternate Directors attending meetings shall not be counted as part of any meeting quorum unless such Alternate Director is formally representing an absent appointed Director.

3.3 ORDER OF BUSINESS. In general, at the regular meetings of the Board, the following will be the order of business:

3.3.1 Call to Order.

- 3.3.2 Roll Call.
- 3.3.3 Oral Communications Related to Items Not on the Agenda.
- 3.3.4 Approval of Minutes of the Previous Meeting.
- 3.3.5 Agenda Items, including any appropriate combination of consent items, regular business items, or public hearing items.
- 3.3.6 Oral Updates from Directors and Staff.
- 3.3.7 Adjournment.

3.4 ACTION BY THE BOARD. Action by the Board on all resolutions or ordinances shall be taken using a roll-call vote and shall be recorded in writing, signed by the Chair, and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes. The Chair shall announce the results of the vote including the names of the Directors, if any, voting in the minority.

3.5 RULE OF ORDER. All rules of order not otherwise provided for in these Bylaws shall be determined, to the extent practicable, in accordance with "Rosenberg's Rules of Order;"¹ provided, however, that no action of the Board shall be invalidated or its legality otherwise affected by the failure or omission to observe or follow "Rosenberg's Rules of Order."

ARTICLE 4. OFFICERS

4.1 OFFICERS. The Officers of the Agency are the Chair, Vice-Chair, and Secretary, as provided for in Article 6 of the Agreement. All Directors are eligible to serve as an Officer. The Chair, the Vice Chair, and the Secretary must be Directors. The Treasurer shall be appointed consistent with the provisions of Section 14.3 of the Agreement, will not be a Director.

4.2 ELECTION OF OFFICERS. At the first meeting of the Board of each fiscal year, nominations for the Officers will be made and seconded by a Director. If more than two (2) Directors are nominated for any one office, voting occurs until a nominee receives a majority of the votes cast. The initial term of the elected Officers shall run from the date of their election to office until June 30, 2017. Thereafter, each Officer shall serve a term of one (1) year. An Officer may succeed himself/herself and may serve any number of consecutive or non-consecutive terms.

4.3 REMOVAL OF ELECTED OFFICERS. An Officer may be removed, with or without cause, by a majority vote of the Board at a regular or special meeting.

¹ Rosenberg's Rules of Order is appended to these Bylaws as Attachment A

4.4 VACANCIES. Any vacancy in the offices because of death, resignation, removal, disqualification, or any other cause will be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that such vacancies may be filled at any regular or special meeting of the Board.

4.5 RESIGNATION OF OFFICERS. Any Officer may resign at any time by giving written notice to the Board Chair or Secretary. Any resignation takes effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in that notice, the acceptance of the resignation is not necessary to make it effective.

4.6 RESPONSIBILITIES OF OFFICERS.

4.6.1 Chair of the Board. The Chair of the Board shall preside at meetings of the Board and exercise and perform such other powers and duties as may be assigned to him/her by the Board or prescribed by these Bylaws.

4.6.2 Vice-Chair of the Board. The Vice-Chair of the Board shall fulfill all the duties of the Chair in his/her absence and exercise and perform such other powers and duties as may be assigned to him/her by the Board.

4.6.3 Secretary. The Secretary shall perform, but not be limited to, the following duties:

- I. Book of Minutes. Keep or cause to be kept, at the principal executive office of the Agency or such other place as the Board may direct, a book of minutes of all meetings and actions of Directors and Committees of the Agency, with the time and place of holding the meeting, whether regular or special, and, if special, how authorized, the notice given, the names of those present and absent at such meetings and the proceedings of such meetings. Minutes will be in the form of Action Minutes and a meeting summary.
- II. Notices and Other Duties. Prepare, give, or cause to be given, notice of, and agendas for, all meetings of the Board and committees of the Agency.
- III. Exercise and perform such other powers and perform such other duties as may be assigned to him/her by the Board.

ARTICLE 5. BOARD COMMITTEES, WORKING GROUPS, AND ADVISORY COMMITTEES

5.1 BOARD COMMITTEES. The Board may establish temporary or permanent Board Committees composed entirely of Board Members to facilitate conduct of its work. Temporary Board Committees will have a specific charge and operational duration not to exceed six months and are not subject to the Brown Act unless they include more than seven Directors as Committee members. Permanent Committees will be given a specific role and regardless of the number of Directors appointed shall be subject to compliance with the Brown Act. All Board Committees will make provide regular updates to the full Board about their activities and the progress of their work.

5.2 **WORKING GROUPS.** Informal working groups may be formed from time to time to provide opportunities for a small subset of Directors to work with staff on specific planning, analytical, or community engagement activities. Such working groups will have a defined area as the focus for its work and may function for a duration of up to six months, and may include such membership as needed to accomplish the object for which the working group was created.

5.3 **ADVISORY COMMITTEES.** Pursuant to Section 12 of the Agreement, the Board may establish one or more advisory committees to assist in carrying out the purposes and objectives of the Agency.

5.3.1 In establishing an Advisory Committee, the Board shall provide specific direction to the Committee as to its charge, expected duration for completion of its charge, and a summary of the resources, including staff or consultant support available to the Committee in performing its work.

5.3.2 Advisory Committee membership and appointments shall be at the Board's discretion based on the creating the membership needed to meet the purpose for which the Advisory Committee was created.

5.3.3 Any advisory committee shall exercise such powers as may be delegated to it, except that no committee may:

- i. Take any final action on matters which, under the Agreement, require approval by a majority vote of the Board;
- ii. Amend or repeal the Bylaws or adopt new Bylaws;
- iii. Amend or repeal any resolution of the Board; or
- iv. Appoint any other committees of the Board or the members of these committees.

5.3.4 Advisory committees shall meet at the call of their respective committee chairs. All advisory committee meetings shall be conducted in accordance with the Ralph M. Brown Act (California Government Code sections 54950 et seq.). Minutes of committee meetings shall be recorded and upon approval shall be distributed to the Board.

ARTICLE 6. AGENCY ADMINISTRATION, MANAGEMENT AND STAFFING

6.1 **COLLABORATIVE MANAGEMENT.** Except for the Agency's Treasurer function, Agency administration and management will be conducted using a collaborative staffing model in which the professional and technical staff of the member agencies work together to provide staff leadership, management and administration of the agency.

6.1.1 **Staffing Support for Agency Officers and Board Members.** Senior level executive staff will work together to provide staff support for the Agency Officers and Board members. Board agenda and meeting materials will generally be prepared by or reviewed by one or more members of the executive staff prior to being finalized. Should member agency senior level staff not be in agreement on any topic, the Agency Board Chair and Vice-Chair will be consulted to provide the necessary direction. Any issue not resolvable by member agency senior staff and the Agency Board Chair and Vice-Chair will be referred to the full Board for decision.

6.1.2 Staffing support for Implementation of the Agency Work Plan. Both senior level executive staff from the Agreement member agencies and other professional and technical staff from the member agencies will be involved in providing staff support for the Agency. The Board may agree to contract for staffing resources as needed.

6.1.3 In-Kind Contribution of Staff. Unless otherwise specified in the Agreement or these Bylaws, member agency staff contributions will be in the form of “in kind” contributions. The Agency will not budget for or reimburse member agencies for the work contributed by their staff to the administration or management of the Agency.

6.2 TREASURER. The Treasurer shall be the depository and have custody of all the money of the Agency from whatever source, and shall provide strict accountability of said funds in accordance with Government Code Sections 6505 and 6505.5. The Treasurer shall possess the powers of, and shall perform those functions required by Government Code Sections 6505, 6505.5, and all other applicable laws and regulations, including any subsequent amendments thereto.

6.2.1 Memorandum of Understanding (“MOU”) for Treasurer Services with the Scotts Valley Water District (“District”). The Board has appointed the Finance Manager of the Scotts Valley Water District as Agency Treasurer and will execute a MOU with the District to reimburse them for these services. Reimbursement will include necessary staff time as well as the purchase and maintenance of any necessary materials and/or equipment required by the Treasurer in order to complete the work.

6.2.2 Treasurer’s Duties. Particularly, the Treasurer shall perform, but not be limited to, the following duties:

- I. Books of Account. Keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of Agency, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account will be open to inspection by any Director at all reasonable times.
- II. Deposit and Disbursement of Money and Valuables. Consistent with the provisions of Article 14 of the Agreement, deposit all money and other valuables in the name and to the credit of the Agency within such depository accounts as may be designated by the Board; disburse the funds of the Agency as may be ordered by the Board; and render to the Board, whenever requested, an account of all of his/her transactions as Treasurer and of the financial condition of the Agency.
- III. Exercise and perform such other powers and perform such other duties as may be assigned to him/her by the Board.

6.3 STAFFING STRATEGY REVIEW UPON COMPLETION OF THE GROUNDWATER SUSTAINABILITY PLAN. The collaborative staffing model for the Agency will be reviewed and revised if or as needed upon completion of the development of the Groundwater Sustainability Plan. In particular, the performance of the collaborative staffing model in meeting the Agency’s needs and the proposed role of the Agency in implementing projects identified and recommended for implementation in the GSP will be considered when determining the potential need future staffing needs of the Agency.

ARTICLE 7. FINANCES

7.1 DEPOSIT AND DISBURSEMENT OF FUNDS. All funds of the Agency shall be deposited in one or more depository accounts as may be designated by the Board. Such accounts shall be independent of any account owned by or exclusively controlled by any of the Members. No disbursements of such funds shall be made unless the same shall have been approved in the annual operating budget, or otherwise specifically approved by the Board. All disbursements shall be by check. Disbursements of not more than five thousand dollars (\$5,000) may be issued pursuant to the Treasurer's sole signature. Disbursements in excess of five thousand dollars (\$5,000) may only be issued upon the signature of the Treasurer and Chair, or in the Chair's absence, the Vice-Chair. The Treasurer may establish and implement a protocol allowing for electronic signatures by the Chair or Vice-Chair in order to facilitate efficient operation of the Agency.

7.2 BUDGET. The Agency shall operate pursuant to an operating budget to be adopted prior to the beginning of each new fiscal year. The Agency shall endeavor to operate each year pursuant to an annually balanced budget so that projected annual expenses do not exceed projected annual revenues. Budget adjustments to the annual budget shall be reviewed and acted upon by the Board at a regularly scheduled Board meeting occurring after January 1 of each calendar year. The Board may take action to amend the budget at other times if circumstances require more immediate action.

ARTICLE 8. DEBTS AND LIABILITIES

The debts, liabilities and obligations of the Agency are not and will not be the debts, liabilities or obligations of any or all of the Members. However, nothing in this Article or in the Agreement prevents, or impairs the ability of, a Member or Members, from agreeing, in a separate agreement, to be jointly and/or severally liable, in whole or in part, for any debt, obligation or liability of the Agency, including but not limited to, any bond or other debt instrument issued by the Agency.

ARTICLE 9. RECORDS RETENTION

9.1 MAINTENANCE OF THE AGENCY RECORDS. The Agency will keep:

9.1.1 Adequate and correct books and records of account; and of the Board.

9.1.2 Minutes in written form of the proceedings of its Board, and committees, and advisory committees, if any.

9.1.3 All such records will be kept at the Agency's principal office.

9.2 RECORDS RETENTION POLICY AND SCHEDULE. By June 30, 2017 the Board will review and adopt a Records Retention Policy and Schedule that specifies the retention period of different categories of materials. Implementation of this Policy will be the responsibility of Agency staff.

9.3 INSPECTION RIGHTS.

8.2.1 Any Member may inspect the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time, for a purpose reasonably related to such person's interest.

8.2.2 Any inspection and copying under this Section may be made in person or by an agent or attorney or the entity entitled thereto and the right of inspection includes the right to copy and make extracts.

9.4 **MAINTENANCE AND INSPECTION OF AGREEMENT AND BYLAWS.** The Agency will keep at its principal executive office the original or copy of the Agreement and these Bylaws as amended to date, which will be open to inspection by the Agency or any Member at all reasonable times during office hours.

9.5 **INSPECTION BY DIRECTORS.** Every Director has the absolute right at any reasonable time to inspect all non-confidential books, records, and documents of every kind and the physical properties of the Agency. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE 10. ETHICS AND CONFLICTS OF INTEREST

The Agency shall be subject to the conflict of interest rules set forth in the Political Reform Act (commencing with Section 81000 of the Government Code of the State of California) and Sections 1090 et seq. of the Government Code of the State of California, and the Agency shall adopt an ethics policy as well as a conflict of interest code as required and as provided by the implementing regulations of the Political Reform Act.

ARTICLE 11. AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board duly adopted upon majority of the Board at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless at least thirty (30) days written notice thereof has previously been given to all members of the Board. Such notice shall identify the Article to be amended, the proposed amendment, and the reason for the proposed amendment.

ARTICLE 12. DEFINITIONS AND CONSTRUCTION

Unless specifically defined in these Bylaws, all defined terms shall have the same meaning ascribed to them in the Agreement. If any term of these Bylaws conflicts with any term of the Agreement, the Agreement's terms shall prevail, and these Bylaws shall be amended to eliminate such conflict of terms. Unless the context or reference to the Agreement requires otherwise, the general provisions, rules of construction, and definitions in the California Civil Code will govern the construction of these Bylaws.