

**BYLAWS OF THE
SANTA MARGARITA GROUNDWATER AGENCY**

a Joint Powers Agency composed of the Scotts Valley Water District, the San Lorenzo Valley
Water District, and the County of Santa Cruz

December 14, 2017

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SANTA MARGARITA GROUNDWATER AGENCY**

*a Joint Powers Agency composed of the Scotts Valley Water District,
the San Lorenzo Valley Water District, and the County of Santa Cruz*

December 14, 2017

PREAMBLE

These Bylaws are adopted and effective as of December 14, 2017, pursuant to the Joint Exercise of Powers Agreement by and among the Scotts Valley Water District, the San Lorenzo Valley Water District and the County of Santa Cruz creating the Santa Margarita Groundwater Agency dated June 1, 2017 (“**Agreement**”).

**ARTICLE 1
THE AGENCY**

1.1 DEFINITIONS.

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 Agreement and in the California Civil Code shall govern the construction of these Bylaws.

“**Agency**” has the meaning in section 1.2

“**Agreement**” has the meaning in the Preamble

“**Applicant**” or “**Applicants**” has the meaning in section 2.3.3

“**Board of Directors**” or “**Board**” has the meaning in section 2.1

“**Business Agent**” has the meaning in section 1.3

“**Committee**” or “**Committees**” has the meaning in section 5.1

“**Deadline**” has the meaning in section 2.3.3

“**Designated Staff**” has the meaning in section 6.1.1

“**Individual Water System**” means private well that serves 1-4 connections

“**Members**” means the Scotts Valley Water District, the San Lorenzo Valley Water District, and the County of Santa Cruz

“**Principal Office**” has the meaning in section 1.3

“**Represented Entity**” has the meaning in section 2.2

“**Small Water System**” means private or public well(s) that serve 5-199 connections

“**Well Owner Representative**” has the meaning in section 2.1

1.2 THE AGENCY. The name of the Agency created by the Agreement is the Santa Margarita Groundwater Agency (“**Agency**”), a joint powers agency composed of the Members.

1.3 PRINCIPAL OFFICE AND BUSINESS AGENT.

1.3.1 The principal office and the business agent of the Agency shall be at the Scotts Valley Water District (“**Business Agent**”) located at 2 Civic Center Drive, Scotts Valley, CA 95066 (“**Principal Office**”), or at an alternate location as the Board may designate.

1.3.2 The Principal Office shall be used for the main mailing address for all correspondence and for the Agency’s central records storage.

1.3.3 The Business Agent shall provide administrative services pursuant to the Agreement, these Bylaws or an administrative services agreement with the Agency.

1.3.4 The administration, management and operation of the Agency shall be in accordance with the Business Agent’s existing policies and procedures, unless and until the Agency adopts its own administration, management, and operations policies and procedures.

1.4 POWERS. The powers of the Agency are 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 of Directors**” or “**Board**”) consisting of 11 Directors as set forth in Article 6 of the Agreement and as follows:

Two (2) representatives appointed by the governing body of each of the Members
One (1) representative appointed by the governing body of the City of Scotts Valley
One (1) representative appointed by the governing body of the City of Santa Cruz
One (1) representative of the Mt. Hermon Association Community Water System
Two (2) representatives of private well owners or small public water systems within the boundaries of the Agency (“**Well Owner Representatives**”).

2.2 TERM OF APPOINTMENTS. The term of the appointment for each Director on the Board shall be established by each entity they represent (“**Represented Entity**”). If a Director has no Represented Entity (as may be the case for a Well Owner Representative), the term of appointment shall be three (3) years.

2.3 PROCEDURE FOR APPOINTMENT OF WELL OWNER REPRESENTATIVES.

2.3.1 Under section 6.3.7 of the Agreement, Well Owner Representatives may be chosen by self-selection through a procedure described in the Bylaws.

2.3.2 At minimum, one (1) of the two (2) Well Owner Representatives shall be from an Individual Water System. If one (1) of two (2) Well Owner Representatives is from a Small Water System then the preference in choosing an Alternate Well Owner Representative shall be given to an Individual Water System representative.

2.3.3 The Agency shall provide notice of the opportunity for individuals to submit an application to serve as a Well Owner Representative or an Alternate. The notice shall include a description of the work of the Agency, the minimum qualifications of Well Owner Representatives, the desired characteristics and skills of Well Owner Representatives, criteria to be used in evaluating applications received, as well as the timeline for decision-making on appointees. The notice shall also describe the opportunity for the applicants as a group to self-select Well Owner Representatives by limiting the number of applications to only the number of positions available. To encourage participation, a variety of print media, electronic and other formal and informal communication mechanisms shall be utilized, and the period of notice shall cover, at a minimum, 10 working days.

2.3.4 Any person meeting the qualifications of a Well Owner Representative may apply to serve as a Well Owner Representative (individually “**Applicant**” or collectively, the “**Applicants**”). At a minimum, an Applicant shall (a) be a private well owner located within the

boundaries of the Agency, a tenant of property with a private well located within the boundaries of the Agency, or a representative of a small public water system located within boundaries of the Agency; (b) be at least 18 years of age; and (c) exhibit high standards of integrity, commitment, and good judgment.

At the conclusion of the period for receiving applications, if there are more Applicants than the number of positions available, the Applicants shall be notified of the opportunity to act as a group to self-select the Well Owner Representatives and their Alternate 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 at least forty (40) days (“**Deadline**”) to meet and/or confer and endeavor to seek agreement on which Applicants shall voluntarily withdraw their applications and which Applicants shall be recommended to fill the positions available. An Applicant may withdraw his/her application by delivering a written request to the Principal Office. If before the Deadline, the proposed Well Owner Representatives are identified by the Applicants and all other Applicants voluntarily withdraw their applications, then the Board shall consider the remaining Applicants and appoint them as Well Owner Representatives if they meet the qualifications established by the Agency.

2.3.5 If the self-selection process does not result in the final selection Well Owner Representatives, or if the number of Applicants remains greater than the number of positions available, then a committee of the Board, with the participation of Designated Staff shall review and evaluate the applications. The committee may hold interviews with the top Applicants and develop recommendations for consideration by the Members. Final Appointment of Well Owner Representatives shall be made by a unanimous vote of the Members in compliance with Section 6.3.7 of the Agreement and Section 2.3.2 of these Bylaws.

2.4 **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 acknowledge 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 set forth in **Appendix A**.

2.5 **DIRECTOR COMPENSATION.** Directors and Committee members shall serve without compensation from the Agency. Each Director may, however, be compensated by their Represented Entity. Directors or Committee members may be reimbursed his or her necessary and actual expenses by the Agency, including travel expenses relating to Agency business, as approved by the Board. Any Director or Committee member may elect to decline said reimbursement.

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 to the Chair. Board meetings shall be conducted in compliance with Article 8 of the Agreement, these Bylaws and all applicable laws and regulations.

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 representing an absent appointed Director.

3.3 GENERAL ORDER OF BUSINESS. The general order of business for regular and special meetings of the Board shall be established by the Designated Staff and may include any combination of consent items, regular business items, informational items or public hearing items.

3.4 REQUEST TO PLACE ITEMS ON THE AGENDA. Any Director may request that an item be placed on the agenda of any regular meeting of the Board by submitting a written request to the Chair, Vice Chair, and Designated Staff at least thirty (30) calendar days before the meeting.

3.5 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 minutes shall reflect the results of the vote, including the names of the Directors if any, voting in the minority.

3.6 RULES 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" (a copy of which is attached hereto as **Appendix B**) 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 in Article 7 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, and shall not be a Director. Officers shall serve at the pleasure of the Board.

4.2 ELECTION. At the first meeting of the Board of each calendar year, nominations for the Officers shall 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 the first Board meeting in 2018. 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. An Officer may be removed, with or without cause, by a majority vote of the Board at a regular or special meeting.

4.4 RESIGNATION. Any Officer may resign at any time by giving a 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.

4.5 VACANCIES. An Officer's position that is vacant because of death, resignation, removal, disqualification or any other cause shall be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular election to that position, at any regular or special meeting of the Board.

4.6. RESPONSIBILITIES

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

4.6.2 The Vice-Chair 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 The Secretary shall perform, but not be limited to, the following duties:

4.6.3.1 Keep or cause to be kept, at the Principal 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 shall be in the form of Action Minutes and a meeting summary.

4.6.3.2 Prepare, give or cause to be prepared or given, notice of, and agendas for, all meetings of the Board and committees of the Agency.

4.6.3.3 Exercise and perform such other powers and duties as prescribed by these Bylaws, the policies of the Agency and as may be assigned to him/her by the Board.

4.7 TREASURER.

4.7.1 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 and 6505.5 and all other applicable laws and regulations, including any subsequent amendments thereto. The Treasurer shall cause an independent audit to be made.

4.7.2 The Board shall appoint the Finance Manager from one of the Members to serve as Agency Treasurer. The Agency shall budget for and reimburse the Member providing Treasury services to the Agency. The Board may also contract for accounting and financial services as needed.

4.7.3 The Treasurer shall perform, but not be limited to, the following duties:

4.7.3.1 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 shall be open to inspection by any Director at all reasonable times.

4.7.3.2 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 or otherwise authorized 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.

4.7.3.3 Exercise and perform such other powers and duties as prescribed by these Bylaws, the policies of the Agency and as may be assigned to him/her by the Board.

ARTICLE 5 COMMITTEES AND WORKING GROUPS

5.1 COMMITTEES. The Board may establish by action item one or more standing or ad hoc committees (“**Committee**” or “**Committees**”) to assist in carrying out the purposes and objectives of the Agency. No Committee or participant on a Committee shall have any authority to act on behalf of the Agency except as duly authorized by the Board. Except as otherwise approved by the Board, Directors shall comprise a majority of each Committee. Committees shall comply with applicable provisions of the Ralph M. Brown Act.

5.2 LIMITS ON POWERS. Any Committee shall exercise such powers as may be expressly delegated to it, except that no Committee may: (a) take any final action on matters which, under

the Agreement, require approval by a majority vote of the Board; (b) amend or repeal the Bylaws or adopt new Bylaws; (c) amend or repeal any resolution of the Board; or (d) appoint any other Committees of the Board or the members of these Committees.

5.3 WORKING GROUPS. Informal working groups may meet from time to time to provide opportunities to work on, for example, specific planning, analytical, or community engagement activities

ARTICLE 6

AGENCY ADMINISTRATION, MANAGEMENT, AND STAFFING

6.1 COLLABORATIVE MANAGEMENT. Agency administration and management shall be conducted using a collaborative staffing model in which professional and technical staff designated by each of the Members (“**Designated Staff**”) work together to provide staff leadership, management, and administration of the Agency.

6.1.1 Designated Staff shall work together to provide administrative, technical or professional support to the Agency. Board agenda and meeting materials shall generally be prepared by or reviewed by the Designated Staff prior to being finalized. Should Designated Staff not be in agreement on a topic, the Chair and Vice Chair shall be consulted to provide the necessary direction. Any issue not resolved by the Chair and Vice Chair shall be referred to the Board for decision.

6.1.2 The Agency shall budget for and reimburse the Member providing the services of the Agency Treasurer and the Member providing the services of the Agency Administrative Office Assistant. The Board may also contract for staffing resources as needed.

6.1.3 Professional and technical staff may be required to support the Agency. The Board may agree to contract for professional and technical support as needed.

6.1.4 Unless otherwise specified in the Agreement, these Bylaws or as expressly approved by the Board, contributions by Designated Staff shall be “in kind,” and without reimbursement for work contributed to the Agency.

6.2 STAFFING MODEL REVIEW. The collaborative staffing model for the Agency may be periodically reviewed and revised from time to time, or upon completion of the Groundwater Sustainability Plan.

**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 disbursement is included in the adopted budget or otherwise approved by the Board. 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 or the Secretary. The Treasurer may establish and implement a protocol allowing for electronic signatures by the Chair, Vice-Chair or Secretary in order to facilitate efficient operation of the Agency.

7.2 BUDGET. The Agency shall operate pursuant to a 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.

**ARTICLE 8
DEBTS AND LIABILITIES**

The debts, liabilities, and obligations of the Agency are not and shall not be the debts, liabilities or obligations of any or all of the Members, Directors or any of the Represented Entities. 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 AGENCY RECORDS. The Agency shall keep at the Agency's Principal Office adequate and correct records and approved minutes of the Agency. Financial records shall be maintained by the Treasurer at the Treasurer's place of business.

9.2 INSPECTION RIGHTS.

9.2.1 The Agreement and Bylaws. The Agency shall keep at its principal executive office the original or copy of the Agreement and these Bylaws as amended to date, which shall be open to inspection by the Agency or any Director at all reasonable times.

9.2.2 Directors have the right to review the financial records of the Agency.

9.2.3 Directors have the right to review the records of the Agency for a purpose reasonably related to the Director's position as a Director except as follows: Directors shall not have the right to review records if the disclosure would violate the privacy rights of others, would result in or be in furtherance of a conflict of interest or would be inconsistent with information protected by the attorney-client privilege, attorney work product, privileged information under the Public Records Act.

9.3. RECORDS RETENTION POLICY. By June 20, 2018, the Board shall adopt a Records Retention Policy and Schedule which specifies the retention period for different categories of materials. Implementation of the Policy shall be the responsibility of Designated Staff.

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. The Agency shall adopt an ethics policy as well as a conflict of interest code as required by the implementing regulations of the Political Reform Act.

ARTICLE 11 AMENDMENT

These Bylaws may be restated, repealed or amended from time to time by resolution of the Board at a regular or special meeting of the Board. No such restatement, repeal or amendment shall be adopted unless at least thirty (30) days written notice thereof has previously been given to all Directors. Such notice shall identify the Article to be amended, the proposed amendment and the reason for the proposed amendment.

**Santa Margarita Groundwater Agency
Board of Directors**

CODE OF CONDUCT

As members of the Board of Directors of the Santa Margarita Groundwater Agency, we are committed to preserving the public trust and representing the best interests of our constituents.

Principles and Performance Expectations:

1. The Board functions as a participatory team,
2. The Board values a visionary, constructive, work environment,
3. The Board values open and honest communication with open agendas,
4. The Board works for the common good of its constituents,
5. Directors are prepared for Board meetings and are responsible for initiating resolutions,
6. Directors are respectful of each other, the staff and the public.

Board Interaction and Communication:

1. Directors maintain informal and professional relationships among each other,
2. Directors refrain from personal attacks against other Directors and staff,
3. Directors apply the rules governing communications among Directors in compliance with the Brown Act,
4. Directors function as a team and are not exclusive in their communications and interactions.

I agree to uphold the following principles, which demonstrate my commitment to the Agency:

1. I shall recognize the worth of individual Directors and appreciate their talents, perspectives, and contributions.
2. I shall help to create an atmosphere of respect and civility where Directors, staff, and the public are free to express their ideas and work together to their full potential.
3. I shall conduct my personal business and public affairs with honesty, integrity, fairness, and respect for others.
4. I shall keep the common good as my highest purpose and focus on achieving constructive solutions for the public benefit.
5. I shall avoid and discourage conduct which is divisive or harmful to the best interest of the Agency.
6. I shall treat all people in a manner in which I wish to be treated.

Name/Title

Date