

BYLAWS

For The

CENTRAL VALLEY CLEAN WATER ASSOCIATION

September 18, 2008

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**BYLAWS OF CENTRAL VALLEY
CLEAN WATER ASSOCIATION
(CVCWA)**

A California Nonprofit Mutual Benefit Corporation

I. Name and Principal Offices

The name of this corporation is the Central Valley Clean Water Association (CVCWA).

The principal office for the transaction of the activities and affairs of this corporation shall be established by the board of directors. The board of directors may change the location of the principal office to any place within the Central Valley of California.

The board may at any time establish branch or subordinate offices at any place or places within California where this corporation is qualified to conduct its activities.

II. Purpose of Corporation

The purpose of this corporation is to effectively represent the interests of wastewater organizations that are regulated by the Central Valley Regional Water Quality Control Board in regulatory matters and to support the exchange of information so member agencies can best meet their business challenges. In the context of these general purposes, the corporation shall approach inland discharge regulatory matters with a perspective that balances environmental and economic interests and speaks with a unified voice from its members and partnering organizations. When necessary, the Association will seek legislative and judicial steps to further its purpose.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law, Cal. Corp. Code §§ 7110 et seq., as amended, ("Nonprofit Law") shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the

singular, and the term "person" includes both a legal entity and a natural person.

III. Membership

Any public or private organization, or person dedicated to the purposes of the corporation that meets the qualifications for membership, shall be eligible for membership on approval by the board, or designee, and on timely payment of such dues and fees as the board may fix from time to time.

The corporation shall have four classes of members as defined below. All members in the large, medium or small discharger classes must be regulated by the Central Valley Regional Water Quality Control Board (CVRWQCB).

Large Dischargers - either 1) a municipal wastewater treatment organization having greater than 50 million gallons per day average dry weather capacity, or 2) an organization meeting other criteria as established by the board.

Medium Dischargers - either 1) a municipal wastewater treatment organization having between 10 and 50 million gallons per day average dry weather capacity, or 2) an organization meeting other criteria as established by the board.

Small Dischargers - either 1) a municipal wastewater treatment organization having less than 10 million gallons per day average dry weather capacity or 2) an organization meeting other criteria as established by the board.

Micro Dischargers - a subset of small dischargers that are municipal wastewater treatment organizations having less than 1 million gallons per day average dry weather capacity.

Affiliates - Includes public wastewater agencies outside the boundaries of the CVRWQCB, private industry not regulated by the CVRWQCB, consultants, individuals, and other wastewater industry organizations.

This corporation may have nonvoting members as permitted by the Nonprofit Law. The corporation's board of directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes

shall have such rights and obligations as the board finds appropriate.

Members who have paid the required dues, fees, and special assessments in accordance with these bylaws and who are not suspended or terminated shall be considered members in good standing.

IV. Voting Rights

All classes, except affiliates, shall have the right to vote on matters that are designated in these bylaws. In addition, members shall have all rights afforded members under the Nonprofit Law.

This corporation may refer to affiliates or other persons or entities associated with it as "members," even though those persons or entities are not voting members as set forth in Section IV of these bylaws, but no such reference shall constitute anyone as a member within the meaning of California Corporations Code ("Corporations Code") section 5056 unless that person or entity qualifies for a voting membership under Section IV of these bylaws. References in these bylaws to "members" shall mean members as defined in Corporations Code section 5056; i.e., the members of the class(es) set forth in Section III of these bylaws. By amendment of its articles of incorporation or of these bylaws, the corporation may grant some or all of the rights to a member of any class to any person or entity that does not have the right to vote on the matters specified in Section IV of these bylaws, but no such person or entity shall be a member within the meaning of Corporations Code section 5056.

V. Payment and Return of Dues, Fees, and Special Assessments

Each member must pay, within the time and on the conditions set by the board, the dues, fees, and special assessments in amounts to be fixed from time to time by the board.

Dues, fees, and special assessments are non-refundable unless otherwise authorized by the board.

If the corporation (a) is dissolved, (b) shall cease to be an organization described in Internal Revenue Code sections 501(c)(6) or (c) shall substantially abandon the

activities or functions that are a basis for the corporation's qualification as a section 501(c)(6) organization, then the net assets of the corporation shall be redistributed solely to the members. Members in good standing shall receive a pro-rata distribution of all assets remaining after payment or provision for payment of the obligations and debts of the corporation and provision for any other payment required under applicable law. The pro-rata distribution for funds collected for regular ongoing business of the corporation shall be based on the members' dues and fees that were paid in the most recent fiscal year. The pro-rata distribution for funds collected for one time projects shall be based on the total funds collected from each member since the beginning of the project, or by other means of distribution as mutually agreed by all members that contributed funds for the project.

VI. Termination or Suspension of Membership

(a) Cause for Termination

A membership shall terminate on occurrence of any of the following events:

- Resignation of the member;
- Death or dissolution of the member;
- Expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the board;
- The member's failure to pay dues, fees, or special assessments as set by the board within 60 days after they are due and payable;
- Any event that renders the member ineligible for membership, or failure to satisfy membership qualifications; or

Termination of membership may be based on the good faith determination by the board, or a committee or person authorized by the board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct of the

corporation, or has engaged in conduct materially and seriously prejudicial to the corporation's purposes and interests. Unless otherwise provided in Section 7351 of the Corporations Code, termination of membership shall not relieve the resigning member from any dues, fees, or special assessments owed to the corporation and the corporation shall have the right to enforce any such obligation or obtain damages for its breach.

(b) Cause for Suspension

A member may be suspended for a specified period of time based on the good faith, and fair and reasonable, determination by the board, or a committee or person authorized by the board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct, or has engaged in conduct materially and seriously prejudicial to the corporation's purposes and interests.

(c) Effect for Suspension

A person whose membership is suspended shall not be a member during the period of suspension.

(d) Termination or Suspension at the Board's Discretion

If grounds appear to exist for suspending or terminating a member, the following procedure shall be followed:

(1) The board shall give the member at least 15 days' prior notice of the proposed suspension or termination and the reasons for the proposed suspension or termination. Notice shall be given by any method reasonably calculated to provide actual notice. Notice given by mail shall be sent by certified mail to the member's last address as shown on the corporation's records.

(2) The member shall be given an opportunity to be heard, either orally or in writing, at least five days before the effective date of the proposed suspension or termination. A hearing shall be held, or the written statement considered, by the board or by a committee or person authorized by the board to determine whether the suspension or termination should occur.

(3) The board, or a committee or person authorized by the board shall decide whether the member should be suspended, expelled, or sanctioned in any way. The decision of the board, committee, or person shall be final.

(4) Any action challenging an expulsion, suspension, or termination of membership, including a claim alleging defective notice, must be commenced within one year after the date of the expulsion, suspension, or termination.

VII. Prohibition on Transfer of Membership

No membership or right arising from membership shall be transferred. All membership rights shall cease on a member's death or dissolution.

VIII. Meetings

(a) Annual Meeting

An annual meeting of members and the board of directors shall be held. At the annual meeting:

- The board will establish a general schedule for meetings;
- The board will approve the budget for the upcoming year;
- The board will approve any business or strategic plans or updates thereof for the corporation; and
- Other business will be conducted as necessary.

Following the annual meeting a meeting with the board members for the upcoming year shall be held and the new board shall establish its officers.

(b) Board Meetings

Meetings of the board, in addition to the annual meeting shall be scheduled as needed by the board or the chair of the board.

(c) Special Meetings Called by Members

Five (5) percent or more of the members may call special meetings of the board or for the general membership where the general membership is required or permitted to vote on actions.

(d) Other Meetings

The board, chairman of the board, executive officer, committee officers, or lead persons of sub-committees may call meetings at any time for groups under their general guidance, provided, however, that such meetings do not constitute board meetings

(e) Place of Meetings

Meetings shall be held at any place within the Central Valley of California unless specifically authorized otherwise by the board.

(f) Notice of Meetings

For board meetings and meetings where the general membership is required or permitted to vote on actions, hereby called noticeable meetings, the meetings shall be properly noticed as provided in this Section VIII(f). The notice shall specify the place, date, and hour of the meeting and the nature of the business to be transacted.

Noticeable meetings may be held with no less than 2 working days notice, but no action required or permitted to be taken shall be allowed unless notice was provided not less than 10 nor more than 90 days before the meeting date provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Special meetings called by members shall be noticed not less than 35 nor more than 90 days prior to the date fixed for such meeting.

The form of notice shall include at least one of the following methods:

- Written notice to all members of the corporation who have or may have interest in the meeting; or
- Electronic notice to all members of the corporation who have or may have interest in the meeting; or
- Posting on the corporation's official web site. However, if action is required or permitted to be taken by members at a meeting, posting notice on the corporation's official web site shall not be sufficient.

(g) Meeting Records

Minutes of each noticeable meeting shall be kept and shall be filed with the corporate records and approved at the subsequent meeting.

IX. Decision Making

(a) Responsibility and Authority of the General Membership

The following actions must be approved by the general membership subject to limitations specified in these bylaws:

- Removing a director without cause;
- Selecting a director for a position that is designated to be selected by a vote;
- Amending the articles of incorporation and bylaws; and
- Electing to wind up and dissolve the corporation.

(b) Responsibility and Authority of the Board

The board has the responsibility and authority for the following actions subject to limitations specified in these bylaws:

- Approval of the budget;
- Approval of business and strategic plans;
- Approval of standing meeting schedules;
- Approval of standing rules;

- Approval of policy positions;
- Employment and performance evaluation of the executive officer;
- Adoption of spending limits for the executive officer and other officers; and
- Other actions as specified in these bylaws.

(c) Responsibility and Authority of the Executive Officer

The executive officer has the responsibility and authority for the following actions subject to limitations specified in these bylaws:

- Executing official correspondence on behalf of the corporation that is within the normal scope of business for the corporation and generally consistent with policies and positions previously established by the corporation;
- Administering the financial and administrative business activities of the corporation including supervision of corporation employees, and oversight of contracts with the corporation; and
- Other actions as specified in these bylaws.

(d) Responsibility and Authority of the Committees

Committees shall have the responsibility and authority for the following actions via the chair, vice chair or lead persons subject to limitations specified in these bylaws:

- Prepare committee standing rules for approval by the board;
- Conduct technical business of the corporation including but not limited to developing regulatory advocacy actions, education, and information sharing; and
- Other actions as specified in these bylaws.

(e) Method of Voting

Voting of the general membership per Section IX (a) shall be by ballot.

Voting by the board per Section IX (b) shall occur at board meetings by the board members that are present. A quorum for board actions is defined in Section X (e).

Voting on committees per Section IX (d) shall occur at committee meetings by the committee members present. A quorum shall be the chair, or vice chair, or a designated lead person plus fifty percent of the committee members or five committee members, whichever is less.

(f) Basis for an Affirmative Vote

The affirmative vote of a majority of the voting power represented, entitled to vote and voting on any matter, shall be deemed the act of the whole voting power unless the vote of a greater number, or voting by classes, is required by the Nonprofit Law or by the articles of incorporation.

(g) Member Designation of Voting Authority

Each member may pick a person(s) to represent their organization, provided that the representative is an employee of the organization or a person under contract to the organization with the consistent purpose of representing the organization.

In the event that a member organization has more than one person who might potentially be in a position to vote on general membership forums or on a specific committee, the member organizations shall designate a single person as having the voting rights.

(h) Voting by Ballot

Ballots shall be given either personally or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the physical or electronic address of that member as it appears on the books of the corporation or at the address given by the member to the corporation for purposes of notice. If no address appears on the corporation's books and no address has been so given, notice shall be deemed to have been given if notice is sent to that member by first-class mail

or facsimile or other written communication to the member's principal office.

An affidavit of the sending of any notice, or of the giving of such notice by other means, may be executed by the secretary, assistant secretary, or any transfer agent of the corporation, and if so executed, shall be filed and maintained in the corporation's minute book.

The corporation shall distribute one written ballot to each member entitled to vote on the matter. All solicitations of votes by written ballot shall (a) state the percentage of approvals necessary to pass the proposed action; and (b) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (a) set forth the proposed action; (b) give the members an opportunity to specify approval or disapproval of each proposal; and (c) provide a reasonable time in which to return the ballot to the corporation. If the corporation has 100 or more members, any written ballot distributed to ten or more members shall provide that, subject to reasonable specified conditions, if the person solicited specifies a choice in any such matter, the vote shall be cast according to that specification.

A written ballot may not be revoked.

All written ballots shall be filed with the secretary of the corporation and maintained in the corporate records for at least 5 years.

(i) Voting by Proxy

No proxy voting shall be allowed. Only members of record may vote.

(j) Changes in Quorum Status at a Meeting

The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn 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.

(k) Eligibility for Participation

Subject to the Nonprofit Law, members who are members in good standing on the record date shall be entitled to vote or otherwise participate on matters and in forums designated in these bylaws.

Each member entitled to vote may cast one vote on each matter submitted to a vote of the members.

No member is entitled to more than one vote per committee or sub-committee.

Affiliates are entitled to vote at the committee level only.

For purposes of establishing the members entitled to receive notice of any meeting, entitled to vote, or entitled to exercise any rights in any lawful action, the board of directors may, in advance, fix a record date. The record date so fixed for:

- sending notice of a meeting shall be within the noticing requirement timelines of that meeting per Section VIII(f).
- voting at a meeting shall be no more than 60 days before the date of the meeting;
- voting by written ballot shall be no more than 60 days before the day on which the first written ballot is mailed or solicited; and
- taking any other action shall be no more than 60 days before that action.

If not otherwise fixed by the board, the record date for determining members entitled to receive notice of a meeting of members shall be the next business day preceding the day on which notice is given or, if notice is waived, the next business day preceding the day on which the meeting is held. If not otherwise fixed by the board, the record date for determining members entitled to vote at the meeting shall be the day on which the meeting is held.

If not otherwise fixed by the board, the record date for determining members entitled to vote by written

ballot shall be the day on which the first written ballot is mailed or solicited.

If not otherwise fixed by the board, the record date for determining members entitled to exercise any rights with respect to any other lawful action shall be the date on which the board adopts the resolution relating to that action, or the 60th day before the date of that action, whichever is later.

For purposes of Sections VIII of these bylaws, a person holding a membership at the close of business on the record date shall be a member of record.

(1) Waiver of Notice

A member's attendance at a meeting shall also constitute a waiver of notice of and presence at that meeting unless the member objects at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed with the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the members.

X. Board of Directors

Subject to the provisions and limitations of the Nonprofit Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws regarding actions that require approval of the members, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of directors.

(a) Powers of Board

Without prejudice to the general powers set forth in these bylaws, but subject to the same limitations, the board shall have the power to do the following:

- Appoint and remove, at the pleasure of the board, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- Change the principal office or the principal business office in California from one location to another; conduct its activities in California; and designate places in the Central Valley of California for holding meetings.
- Borrow money and incur indebtedness on the corporation's behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, and other evidences of debt and securities.
- Adopt and use a corporate seal; prescribe the forms of membership certificates; and alter the forms of the seal and certificates.
- Conduct, manage, and control the corporation's affairs and activities and make such rules and regulations for this purpose, consistent with law, the articles of incorporation, and these bylaws, as the board deems best.
- Exercise all other powers conferred by the Nonprofit Law, or other applicable laws.
- Develop and present to the members a strategic plan for the corporation.
- Develop and present to the members a business plan for the corporation.

- Adopt an annual budget for the corporation.
- Adopt fees and dues for the corporation.
- Develop recommended changes to the bylaws for submission and approval by the membership.

(b) Structure of the Board of Directors

The authorized number of directors shall be as follows, unless changed by amendment to these bylaws:

- One director for each large discharger.
- Two directors for all of the medium dischargers combined.
- Four directors for all of the small dischargers combined. Every effort shall be made to have each of the three sub-regions within the Central Valley Regional Water Quality Control Board represented; therefore, three director positions will be allocated to representing each of the different areas: north, central and south. These areas will correspond to the Central Valley Regional Water Quality Control Board sub-regions. The fourth director will be from any of the sub-regions but must be a micro discharger.
- One at-large director that meets the criteria of a medium or small discharger member class.
- Affiliate members shall not have representation on the board.

No board member may serve as an elected official of a member organization.

For large and medium discharger directors, the person filling the position shall be selected at the discretion of the member organization, shall be designated in writing by the member organization they represent, and shall be a management level employee of the member organization. Failure to maintain their eligibility criteria will be cause for dismissal from the Board.

For medium dischargers, a rotation list for all members of this class will be developed. All members in this class, upon 60 days from the filing of the articles of

incorporation, shall be randomly ordered on the list. The first member on the original list will be assigned a one-year term of service for their first rotation. All other and subsequent members serving on the board will have a two-year term. Membership on the board will rotate sequentially through the list. A medium discharger may waive their turn of service on the board and be placed on the bottom of the rotation list. New members in this class will be placed at the end of the rotation list.

For small discharger directors, the person, and not the member organization shall have the board seat. To be eligible to be a director, the person must be a permanent employee or contract employee of a small discharger member organization. A contract employee is someone under contract to the discharger member organization who is engaged for a majority of their time in management, engineering, or operations of that organization's wastewater facilities and has responsibility for representing the organization. Failure to maintain these eligibility criteria will be cause for dismissal from the Board. The three small discharger board members representing the geographic sub-regions shall be elected by ballot vote by the small discharges in their same sub-region of the Central Valley Regional Water Quality Control Board. The micro discharger director shall be elected by ballot vote by micro dischargers.

In the first election for small discharger directors, the person representing the central sub-region of the Central Valley Regional Water Quality Control Board shall serve a one-year term. All other terms shall be two years.

Elections for small discharger directors shall be completed no later than one month in advance of the annual meeting.

The at-large director shall be an appointed position. Appointment shall be made by a vote of the board except that a board member may not take part in any action that could result in their own appointment. The term shall expire at the end of each fiscal year.

The board shall elect one of its number as chair, one as vice-chair, one as treasurer, and one as secretary.

At the first board meeting of each newly constituted board, the board shall conduct nominations and elections of chair, vice-chair, treasurer, and secretary. Elections shall be held with written secret ballots if there are more than one candidate nominated for a given position, otherwise, an open confirmation process is allowed. The Board is encouraged to promote rotations or succession plans for board officer positions to allow a variety of board members to hold each of the leadership positions.

In the event that a board member's organization changes its discharger class during the term the following shall happen:

- If a discharger moves to a higher class, they shall retain their current seat until the end of the current term. At the end of the current term, they shall be represented under their new discharger class, or
- If a discharger move to a lower class, they will immediately forfeit their board position and shall be represented under their new discharger class. The resulting vacancy on the board shall be filled as if the board member had resigned.

(c) Vacancies on the Board

A vacancy or vacancies on the board of directors shall occur in the event of (a) the death or resignation of any director, (b) the vote of a majority of all members, to remove any director(s); and further provided that any director elected by the vote of members of a class or members within an organizational unit or geographic grouping, voting as such, rather than by the members of the corporation, may be removed only by the vote of that class (c) an increase in the authorized number of directors; or (d) a failure of the members to elect the number of directors required to be elected.

Except as provided below, any director may resign by giving written notice to the chairman of the board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective.

Except on notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors.

Vacancies that are created before the end of an existing term shall be handled as follows:

- For large discharger directors, the member organization holding the position shall designate a successor person within 60 days of the vacancy.
- For medium discharger directors, the member organization holding the position shall designate a successor person to fill the remainder of the term within 60 days of the vacancy. If the medium discharger fails to fill the vacancy the remainder of the term will be served by the next member on the rotation list. The successor member will be allowed to complete their regular rotation.
- For small discharger directors, the vacancy shall remain vacant until the next regularly scheduled election for small discharger directors. However, if the vacancy would remain for more than one year, a special election will be held. The board may authorize a special election at its discretion if it is in the interest of the corporation.
- For the at large director the vacancy shall remain until a new appointment is made by the board.

Any reduction of the authorized number of directors shall not result in any director's being removed before his or her term of office expires.

(d) Participation in Board Meetings via Electronic Means

Any board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section shall constitute presence in person at the meeting if all of the following apply:

(1) Each member participating in the meeting can communicate concurrently with all other members.

(2) Each member is provided the means of participating in all matters before the board, including

the capacity to propose or to interpose an objection to, a specific action to be taken by the corporation.

(3) The board has adopted and implemented a means of verifying both of the following:

- A person participating in the meeting is a director or other person entitled to participate in the board meeting.
- All actions of or votes by the board are taken or cast only by the directors and not by persons who are not directors

(e) Quorum at Board Meetings

A majority of the filled number of director seats shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the board, subject to the more stringent provisions of the Nonprofit Law, including, without limitation, the provisions on (a) approval of contracts or transactions between this corporation and one or more directors or between this corporation and any entity in which a director has a material financial interest, (b) creation of and appointments to committees of the board, and (c) indemnification of directors.

Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, to the directors who were not present at the time of the adjournment.

Any action that the board is required or permitted to take may be taken without a meeting if all board members consent in writing to the action. Such action by written consent shall have the same force and effect as any other validly approved board action. All such consents shall be filed with the minutes of the proceedings of the board.

(f) Compensation and Reimbursement of Board Members

Directors may not receive such compensation for their services as directors or officers.

XI. Committees

(a) Establishment of Committees

The board may create one or more committees to serve at the pleasure of the board. Committees may include:

- Standing committees that have an indefinite life;
- Ad hoc committees created for a single purpose and finite life.

The board may establish subcommittees corresponding to geographic regions of the Central Valley Regional Water Quality Control Board or for the purposes of addressing specific topics. Any such sub-committees shall be subordinate and subject to all limitations of their parent committees.

The board may establish a cabinet with high level representation from throughout the corporation with the intent of providing coordination and planning for the corporation.

(b) Participation and Appointments on Committees

Unless otherwise designated by the board, participation on committees and sub-committees shall be voluntary and open to any person representing their member organization, including affiliate members. A list of active committee or sub-committee members will be kept by the committee voting rights on committees or subcommittees shall be per Section IX (k).

Each year each standing committee shall nominate and vote on proposed persons to serve as chair and vice chair. The proposal shall be submitted to the board for final approval. To be eligible to be a chair or vice chair, the person must be a designated official of a member organization including affiliate members. Failure to maintain these eligibility criteria will be cause for dismissal from the chair or vice chair position.

To the extent practical, vice chair will serve one year and then become the chair in the next year.

Lead persons for sub-committees will be appointed by vote of the committee they are supporting.

The chair and vice chairs for ad hoc committees shall be appointed at inception of the ad hoc committee and shall remain until otherwise changed by the board.

(c) Authority of Committees

Any committee shall have all the authority given to it by the board, except that no committee may do the following:

(1) Take any final action on any matter that, under the Nonprofit Law, also requires approval of the members or approval of a majority of all members;

(2) Amend or repeal bylaws or adopt new bylaws;

(3) Amend or repeal any resolution of the board that by its express terms is not so amendable or repealable;

(4) Create any other committees of the board except for subcommittees of its own committee;

(5) Approve any contract or transaction, to which the corporation is a party and in which one or more of its directors has a material financial interest, except as provided for in Corporations Code 7233.

(6) With respect to any assets held in charitable trust, approve any contract or transaction between this corporation and one or more of its directors or between this corporation and an entity in which one or more of its directors have a material financial interest, except as provided in Corporations Code section 7233.

Meetings and actions of committees of the board shall be governed by, held, and taken under the provisions of these bylaws concerning meetings and other board actions.

XII. Corporate Officers

(a) Types of Officers

The officers of this corporation shall be a chairman of the board, vice chairman of the board, a secretary, a chief financial officer who shall be referred to as the treasurer, and an executive officer. The corporation, at the board's discretion, may appoint one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed under Section XI of these bylaws.

Any number of offices may be held by the same person.

(b) Selection of Officers

The officers of this corporation, shall be chosen annually by the board and shall serve at the pleasure of the board, subject to the rights of any officer under any employment contract.

The board may appoint and authorize the chairman of the board or another officer to appoint any other officers that the corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the bylaws or established by the board.

(c) Removal and Resignation of Officers

Without prejudice to the rights of any officer under an employment contract, the board may remove any officer with or without cause. An officer who was not chosen by the board may be removed by any other officer on whom the board confers the power of removal.

Any officer may resign at any time by giving written notice to the board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

(d) Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for normal appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

When a chairman of the board of directors is elected, he or she shall preside at board meetings and shall exercise and perform such other powers and duties as the board may assign from time to time.

(e) Powers of Officers

Subject to such supervisory powers as the board may give to the chairman of the board, if any, and subject to the control of the board, the executive officer shall be the general manager of the corporation and shall supervise, direct, and control the corporation's activities, affairs, and officers. The executive officer shall have such other powers and duties as the board or the bylaws may require. The executive officer may authorize communications outside the corporation stating policy positions that are consistent with established past positions and practices of the corporation. The executive officer may not send out any communication outside the corporation stating a new policy position for the corporation, without prior approval of the board or, in a matter of urgency, with the approval of all of the corporate officers, excepting assistant officers.

The secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the board may direct, a book of minutes of all meetings, proceedings, and actions of the board, of committees of the board, and of members' meetings. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; the names of persons present at board and committee meetings; and the number of members present or represented at members' meetings.

The secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The secretary shall keep or cause to be kept, at the corporation's principal office or at a place determined by resolution of the board, a record of the corporation's members, showing each member's name, address, and class of membership.

The secretary shall give, or cause to be given, notice of all meetings of members, of the board, and of committees of the board that these bylaws require to be given. The secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the board or the bylaws may require.

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The treasurer shall send or cause to be given to the members and directors such financial statements and reports as are required to be given by law, by these bylaws, or by the board. The books of account shall be open to inspection by any director at all reasonable times.

The treasurer shall (i) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the board may designate; (ii) disburse the corporation's funds as the board may order; (iii) render to the Executive Officer, chairman of the board, and the board, when requested, an account of all transactions as chief

financial officer and of the financial condition of the corporation; and (iv) have such other powers and perform such other duties as the board or the bylaws may require.

(f) Conflicts of Interest

No director of this corporation nor any other corporation, firm, association, or other entity in which one or more of this corporation's directors are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with this corporation, unless (a) the material facts regarding the transaction and that director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the board prior to the board's consideration of such contract or transaction; (b) such contract or transaction is authorized in good faith by a majority of the board by a vote sufficient for that purpose without counting the votes of the interested directors; (c) before authorizing or approving the transaction, the board considers and in good faith decides after reasonable investigation that the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (d) the corporation for its own benefit enters into the transaction, which is fair and reasonable to the corporation at the time the transaction is entered into.

This Section does not apply to a transaction that is part of an educational or charitable program of this corporation if it (a) is approved or authorized by the corporation in good faith and without unjustified favoritism and (b) results in a benefit to one or more directors or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this corporation.

This corporation shall not lend any money or property to, or guarantee the obligation of, any director or officer of the corporation or of its parent, affiliate, or subsidiary unless (a) the board decides that the loan or guaranty may reasonably be expected to benefit the corporation, and (b) before consummating the transaction or any part of it, the loan or guaranty is approved by either the members, without counting the vote of the director or

officer, if a member, or the vote of a majority of the directors then in office, without counting the vote of the director who is to receive the loan or guaranty.

(g) Indemnity of Officers

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code section 7237(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the board by any person seeking indemnification under Corporations Code section 7237(b) or section 7237(c), the board shall promptly decide under Corporations Code section 7237(e) whether the applicable standard of conduct set forth in Corporations Code section 7237(b) or section 7237(c) has been met and, if so, the board shall authorize indemnification. If the board cannot authorize indemnification, because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the board shall promptly call a meeting of members. At that meeting, the members shall determine under Corporations Code section 7237(e) whether the applicable standard of conduct has been met and, if so, the members present at the meeting in person shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the board in a specific instance, expenses incurred by a person seeking indemnification under Section XII (g) of these bylaws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is

entitled to be indemnified by the corporation for those expenses.

This corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

XIII. Corporate Records

This corporation shall keep the following:

- Adequate and correct books and records of account;
- Written minutes of the proceedings of its members, board, and committees of the board; and
- A record of each member's name, address, and class of membership.

Unless the corporation provides a reasonable alternative as provided below, any member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

- Inspect and copy the records containing members' names, addresses, and voting rights during usual business hours on five days' prior written demand on the corporation, which must state the purpose for which the inspection rights are requested; or
- Obtain from the secretary of the corporation, on written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of members who are entitled to vote for directors as of the most recent record date for which that list has been compiled, or as of the date, after the date of demand, specified by the member. The demand shall state the purpose for which the list is requested. The secretary shall make this list available to the member on or before the later of ten days after the demand is received or the date specified in the

demand as the date as of which the list is to be compiled.

The corporation may, within ten business days after receiving a demand under this Section, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons the proposed alternative does not meet the proper purpose of the demand.

If the corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member, or if it provides a reasonable alternative under this Section, it may deny the member access to the membership list.

Any inspection and copying under this Section may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. This right of inspection extends to the records of any subsidiary of the corporation.

On written demand on the corporation, any member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the members, the board of directors, and committees of the board at any reasonable time for a purpose reasonably related to the member's interest as a member. Any such inspection and copying may be made in person or by the member's agent or attorney. This right of inspection extends to the records of any subsidiary of the corporation.

This corporation shall keep at its principal office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the members at all reasonable times during office hours.

Every director shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the director's agent or attorney. The right

of inspection includes the right to copy and make extracts of documents.

XIV. Annual Report

The board shall cause an annual report to be prepared within 120 days after the end of the corporation's fiscal year. Each member has a right to receive a copy of the annual report. On written request by a member, the board or designee shall promptly cause the most recent annual report to be sent to the requesting member. That report shall contain the following information in appropriate detail:

- A balance sheet as of the end of the fiscal year, an income statement, and statement of changes in financial position for the fiscal year, accompanied by an independent accountants' report or, if none, by the certificate of an authorized officer of the corporation that they were prepared without audit from the corporation's books and records; and
- A statement of the place where the names and addresses of current members are located.
- A statement of any transaction or indemnification of the following kinds unless approved by the general membership:

(1) Any transaction (i) to which the corporation was a party, (ii) which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which any director or officer of the corporation had direct or indirect material financial interest (a mere common directorship is not a material financial interest):

(2) Any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation unless the loan or guaranty is not subject to Corporations Code section 7235(a).

The statement shall include a brief description of the amounts and circumstances of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest in the transaction, and, when practicable, the amount of that

interest, except that, in a partnership in which such person is a partner, only the partnership interest need be stated.

XV. Amendment of Bylaws

New bylaws may be adopted, or these bylaws may be amended or repealed, by approval of the members, provided, however, that if the corporation has more than one class of voting members, any amendment that would materially and adversely affect the rights of a class as to voting or transfer, in a manner different than the action affects another class, must be approved by the members of that adversely affected class. Any provision of these bylaws that requires the vote of a larger proportion of the members than otherwise is required by law may not be altered, amended, or repealed except by the vote of that greater number.

CERTIFICATE OF SECRETARY

I certify that I am the duly authorized and acting Secretary of the Central Valley Clean Water Association, a California nonprofit mutual benefit corporation; that these bylaws, consisting of 30 pages, are the bylaws of this corporation as adopted by the members and certified by the Board of Directors on September 18, 2008; and that these bylaws have not been amended or modified since that date.

Executed on _____ at Stockton, California.

Signature

Jeff Willett

Secretary