California Association of Local Agency Formation Commissions

POLICIES and PROCEDURES

 Adopted by the Board of Directors
12 January 2007
As amended on 29 April 2011
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These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011 and 29 April 2011. They supersede all previous versions of the policies.
Mission Statement

The California Association of Local Agency Formation Commissions (CALAFCO) provides statewide coordination of LAFCo activities, serves as a resource to the Legislature and other bodies, shares information among LAFCos and other governmental agencies, and provides a forum for technical advice to LAFCos.
SECTION 1

Organizational Structure and Responsibilities

1.1 Governance

CALAFCO is governed by a 16 voting member Board elected by regions as described in the Association’s Bylaws. The Bylaws establish four (4) regions for the purpose of electing Board Members.

The counties in each of the four regions shall consist of the following:

**Northern Region**
- Butte
- Colusa
- Del Norte
- Glenn
- Humboldt
- Lake
- Lassen
- Mendocino
- Modoc
- Nevada
- Plumas
- Shasta
- Sierra
- Siskiyou
- Sutter
- Tehama
- Trinity
- Yuba

**Coastal Region**
- Alameda
- Contra Costa
- Marin
- Monterey
- Napa
- San Benito
- San Francisco
- San Luis Obispo
- San Mateo
- Santa Barbara
- Santa Clara
- Santa Cruz
- Solano
- Sonoma
- Ventura

**Central Region**
- Alpine
- Amador
- Calaveras
- El Dorado
- Fresno
- Inyo
- Kern
- Kings
- Madera
- Mariposa
- Merced
- Mono
- Placer
- Sacramento
- San Joaquin
- Stanislaus

**Southern Region**
- Orange
- Los Angeles
- Imperial
- Riverside
- San Bernardino
- San Diego
- Tulare
- Tuolumne
- Yolo

Regional membership may be changed by amending these Policies & Procedures by the Board of Directors.

These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007\(^1\), 8 February 2008\(^2\), 13 February 2009\(^3\), 12 February 2010\(^4\), 18 February 2011\(^5\) and 29 April 2011\(^6\). They supersede all previous versions of the policies.
These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011 and 29 April 2011. They supersede all previous versions of the policies.
1.2 Appointment of Officials

The Association will be staffed by a combination of contract staff and volunteer staff officers from member agencies. The Executive Director will serve as the administrative director and manager of the Association. The Executive Officer and Deputy Executive Officers will serve as fiscal agent for the Association and manage various services and programs of the Association under the direction of the Board and the Executive Director. Legal Counsel will provide legal advice to the Board and, as needed, the Executive Director and volunteer staff officers in the operations of the Association, interpretation of LAFCo law, and in support of member LAFCo Counsel.

The Board of Directors shall appoint the Executive Director. The Board shall also appoint the Legal Counsel and Executive Officer upon recommendation of the Executive Director. The Executive Officer shall appoint the Deputy Executive Officers in consultation with the Executive Director. In as much as possible, the Executive Officer and Deputy Executive Officers shall include one member from each region.

1.3 Assignment of Responsibilities

The Board of Directors (Board) determines that the California Association of Local Agency Formation Commission’s (CALAFCO) stated purposes will best be achieved by assigning duties to the Executive Director, Executive Officer, up to three Deputy Executive Officers, Legal Counsel, and Legislative Committee Chair. The administrative structure of the Association shall be as follows:
### 1.4 Executive Director Responsibilities

The Executive Director shall be responsible for managing the Association’s day-to-day activities, which includes managing and overseeing the following duties:

1. Manage and maintain the office, a dedicated telephone and voice mail system; manage or maintain all of CALAFCO’s correspondence and files; coordinate all corporate and association administrative business (e.g., elections, bylaws, policies and procedures, and corporate filings, etc.).

2. Supervise the work or services of contract staff, and outside consultants and vendors.

3. Prepare and distribute, or review, all outgoing communications and mailing; respond to member and public inquiries and requests for information; and support CALAFCO’s promotional, public relations and membership recruitment/retention activities and programs, which may include education and training programs.

4. Provide ongoing interface, communications, coordination and staff support for any Board committees and volunteers or programs and activities, including attendance at meetings with member LAFCOs.

5. Organize, prepare, and staff all Board meetings including preparation and coordination of Board agendas.

6. Prepare and edit CALAFCO’s quarterly newsletter.

7. Manage the CALAFCO website and list serves, including ongoing development, maintenance, utilization, application and expansion of the site.

8. Ensure that CALAFCO is adequately represented at all significant hearings, including the use of the Legislative Committee or Board Members for this purpose; assist with preparation of legislative correspondence, written testimony and oral communications; provide direct legislative information, regulatory monitoring, advocacy, and inter-agency communications with interface to LAFCo members; and build relationships with staff and members of Senate and Assembly Local Government Committees, and any other legislative committees pertinent to LAFCo’s mission.

9. Manage or maintain all records, membership directories, lists and databases, including rosters, and master calendar.

10. Manage and maintain records for the Associate Membership program, and prepare materials and promote associate memberships.

11. Establish and maintain working relationships with various associations representing governmental associations, non-profits, and other agencies such as: the League of California Cities, CSAC, CSDA, ACWA, BIA, and the Farm Bureau.

12. Manage the logistics, budget, and fees of the Annual Conference and workshops and educational programs with the Host Committee. Provide support and guidance to volunteer staff officers and the program committee in planning and developing the Annual Conference and educational workshop programs.

13. May serve as the Legislative Chair, as assigned by the Board.

15. Accept all other duties assigned by the Board.

### 1.5 Executive Officer Responsibilities

The Executive Officer shall, at the direction of the Executive Director or Board:
1. Accept primary responsibility for the financial management of the Association, including
development and management of the annual budget and spending plan, full-service
financial management and bookkeeping (accounts payable, accounts receivable, billings,
collections, annual dues administration); and preparation of quarterly and annual
financial reports in concert with the Association’s Treasurer.

2. Prepare and issue dues invoices, and maintain payment records including notices of
termination, for CALAFCO regular and associate members.

3. Prepare portions of the Board agenda.

4. Maintain some of CALAFCO’s database and records as assigned.

5. Solicit policy issues and technical matters from other LAFCo Executive Officers and
present them to the Board.

6. Make recommendations on matters considered by the Board.

7. Participate on the Legislative Committee.

8. Staff the Annual Conference’s Program Committee and assist the Program Chair in
planning, developing and implementing the event.

9. Solicit member volunteers to staff committees and Association projects including the
Legislative Committee, conference and workshop program committees, and project
committees.

10. Maintain communication with member LAFCo staff on CALAFCO policies, and solicit input
on policy issues from executive officers.

11. Accept all other duties assigned by the Board or Executive Director.

1.6 Deputy Executive Officer Responsibilities

The Deputy Executive Officers shall, at the direction of the Executive Director, Executive
Officer, or Board:

1. Prepare a portion of the Board agenda and keep the Board minutes and roster.

2. Accept Board committee and volunteer liaison assignments.

3. Accept primary responsibility for management of CALAFCO programs and projects, such
as CALAFCO University courses, database projects, and member surveys.

4. Participate and support the program planning committees in the development of the
Staff Workshop. Serve on panels at the annual convention or educational
workshops/seminars, as requested.

5. Participate on the Legislative Committee.

6. Assist Executive Officer with communications with LAFCo staff.

7. Accept all other duties assigned by the Board or the Executive Officer.

1.7 Legislative Committee Chair Responsibilities

The Legislative Committee Chair shall, at the direction of the Executive Director or Board:

1. Be primarily responsible for the Association’s legislative activities, including staff support
to the Legislative Committee, tracking, reporting, and making recommendations to the
Board on current legislation and bill hearings.
2. Prepare written and oral testimony, and when available, present such testimony to the appropriate legislative or administrative body.

3. Attend and participate in meetings as directed by the Executive Director or Board.

4. Accept all other duties assigned by the Board.

1.8 Legal Counsel Responsibilities

The Legal Counsel shall:

1. Advise the Corporation’s Board and staff on appropriate ways to carry out their activities according to the law.

2. Make recommendations on matters considered by the Board, and when assigned, review the work of all other staff and suggest corrections or amendments to their work.

3. Participate on the Legislative Committee.

4. Accept all other duties assigned by the Board.

1.9 Executive Director and Staff Performance Evaluation

The Board has determined that an annual job performance evaluation of the Executive Director will assist CALAFCO in achieving its stated purposes. The Board’s Executive Committee, which includes the Chair, Vice Chair, Secretary, and Treasurer, shall meet with the Executive Director no later than July 1st of each year to discuss his or her job performance based on the criteria listed below.

The Executive Committee and Executive Director may also meet annually, but no later than December 31st of each year, with the volunteer staff officers to discuss their contributions to CALAFCO. The criteria established in Section VI are advisory for these discussions and shall not be used to evaluate the individual’s job performance with his or her LAFCo.

The Executive Committee shall utilize the following criteria when evaluating the job performance of the Executive Director:

1. The willingness of the Executive Director to accept all duties and responsibilities.

2. The ability of the Executive Director to carry out the duties and provide positive contributions with minimal direction.

3. The ability of the Executive Director to define problem areas and develop solutions.

4. The timeliness with which the Executive Director carries out all duties and responsibilities.

5. The accuracy and thoroughness of any written or oral report, correspondence, or document the Executive Director prepares or delivers that is intended to reflect the Board’s desires, practices or positions.

6. The effectiveness and persuasiveness of the Executive Director during presentations or meetings with stakeholders, members of the public, elected or appointed officials, and LAFCo members and whether or not the Executive Director represented CALAFCO professionally in these settings.

7. The usefulness and timeliness of the Newsletter website, and other communication and educational tools of the Association.
1.10 **Representative Role of Board Members**

Members elected to the CALAFCO Board of Directors represent the statewide interests of the Association and not the interests of their region, commission or appointing authority. Board members are encouraged to communicate with the members of their region on CALAFCO issues to solicit input and disseminate information.

1.11 **Regional Representation for Board Officers and Committees**

The Board shall encourage participation by regions when establishing membership for Board committees (except for 1.12) and in selecting officers of the Board.

1.12 **Regional Representation on Legislative Committee**

Board representation on the Legislative Committee shall consist of the Chair and one Board member from each of the regions. Each representative may also have an alternate.

1.13 **Board of Director Officers**

The Board shall elect its Officers at the first meeting following the Annual Meeting. Officer terms are one-year, however Officers may be re-elected by the Board. The Board shall strive towards regional diversity amongst the Officers and rotation of individuals holding officer positions.

1.14 **Succession of Board Officers**

In order to build experience the Board shall have a succession process for the Officers. Except as otherwise determined by the Board, the Vice Chair shall succeed the Chair, the Secretary shall succeed the Vice Chair, and the Treasurer shall succeed the Secretary. The Treasurer shall be elected from the Board membership.

1.15 **Board Action on Legislative Issues**

In the case of decisions on legislative policies or positions, the Board shall take the following actions:

a. Insure that all viewpoints are fully considered in the proposed action.

b. Adopt a proposed action with a vote that consists of 60% of a majority of the Board members present including at least one affirmative vote from each region present at the time of the vote.

c. Members agree to support the final decision of the Board.

1.16 **Board Meeting Locations**

Board meetings shall be rotated between regions, as practical.
SECTION 2
Procedures for Updating Procedures

In the normal course of business operations, CALAFCO will continue to grow, expand and offer new services. Therefore it will be necessary to change, amend, update or eliminate operational policies and procedures. The following procedure will apply when new or existing procedures need to be developed, changed, modified or deleted:

2.1 New Procedures and Revisions to Procedures

- When a new procedure is written or a revision to an existing procedure is required, the individual responsible for the area will draft the initial procedure.
- After internal review by the CALAFCO staff, the new proposed procedure will be circulated to all Board Members for their comments.
- Board Members will then have two weeks to review and comment.
- Comments and changes will be sent back to the Executive Director for modification of the proposed policy/procedure and placement on the next Board agenda.
- A majority of the Board is required to approve any new or revised procedure.

2.2 Deleting Procedures

- Procedures that require elimination will be placed on the Board agenda.
- A majority of the Board is required to approve deleting a procedure before it is eliminated.
SECTION 3
Financial Management Policies

3.1 Basis of Accounting

Accrual Basis: The basis of accounting in which revenues are recorded when earned and expenditures are recorded as soon as they result in a liability, regardless of the fact that the receipt of the revenue or the payment of the expenditure may take place, in whole or in part, in another accounting period.

3.2 Accounting Records

CALAFCO maintains a double-entry accounting system with Quick Books Accounting Software, with a general journal, cash receipts journal, cash disbursements journal, accounts receivable, accounts payable, and a general ledger which will be posted monthly.

If CALAFCO receives funding sources requiring separate accountability, the fund accounting system will be used. Each fund/program will have its own set of records including general ledger and financial statements.

General Journal

A general journal shall be maintained to record adjusting entries, reversing entries, closing entries and other financial transactions not normally recorded in the cash receipts or cash disbursements journals. Entries in the general journal must be adequately documented and entered in chronological order with sufficient explanatory notations.

Cash Receipts Journal

A cash receipts journal shall be maintained to record all cash receipts (sales, dues, registrations). The journal shall contain the following columns:

- Date
- Description of the cash receipt
- Amount
- Source or customer
- Line allocation

Each cash receipt item must be supported by sufficient detail as to the nature, source and purpose of the receipt.

Cash Disbursements Journal

A cash disbursements journal shall be maintained to record all cash disbursements. The journal should contain the following columns:

- Date
- Check number
- Amount
- Purpose of expenditure
- Line allocation

Approved invoices or other documentation must support all disbursements.
**General Ledger**

A general ledger shall be maintained with the necessary accounts for assets, liabilities, fund balances, support, revenues and expenses to prepare financial statements in accordance with generally accepted accounting principles.

The number and types of accounts, classes and programs in the chart of accounts shall also allow the organization to prepare the reports required by the various funding sources and by the CALAFCO Board of Directors.

3.3 **Retention of Records**

CALAFCO will retain all financial records for five years after the final financial report for the fiscal year is made.

3.4 **Fiscal Year**

The CALAFCO Fiscal Year shall begin each July 1 and end on June 30 of the following year.

3.5 **Annual Budget**

The budget is a plan for financial operations that provides a basis for controlling and evaluating activities in a future period. The budget is essential to a non-profit organization because it serves as a tool to demonstrate accountability of funds and resources received from grantors.

A proposed Fiscal Year Budget shall be presented to the Board of Directors for review and approval. The proposed budget shall be presented at a Board meeting held within the fourth quarter of the current Fiscal Year for the following Fiscal Year. The budget shall be adopted by the Board no later than 30 days prior to the commencement of the new fiscal year. The proposed budget shall include prior year actuals.

3.6 **Budget Revisions**

Revisions to the budget may be made by the Board of Directors at any regularly scheduled Board meeting.

3.7 **“Bottom Line” Budgeting**

During the Fiscal Year budget control will be based on total revenue and total expenses (“bottom-line” budgeting). Staff may expend budgeted funds for any line item in the budget as long as the total amount budgeted for expenses is not exceeded. For new and/or unforeseen expenditures not identified in the budget or for expenditures above the bottom line amount budgeted for expenses, Board authorization shall be required.

3.8 **Accounting Software**

CALAFCO shall employ the use of Quick Books accounting software or other similar accounting software that adequately meets the requirements of the CALAFCO Accounting Policies and Procedures.
3.9 Financial Statements

Current budget and financial summaries showing revenues and expenditures by line item shall be provided to the Board of Directors at each regular Board Meeting. Such financial statements shall include, but are not limited to:

Profit and Loss by Class

The primary purpose of a statement of financial position is to provide relevant information about the organization’s total assets, liabilities, and net assets as of a specific date.

Three classes of net assets are required to be reported:
- Permanently restricted
- Temporarily restricted
- Unrestricted

Statement of Functional Expenses

This is a statement of functional expenses which shows how operating expenses are allocated to the major categories in the budget, including identification of legal counsel and executive director costs in the appropriate categories.

Statement of Cash Flows

The primary purpose of a statement of cash flows is to provide information about significant inflows and outflows of cash during a period.

3.10 Operational Reports and Tax Filings

As required in the Bylaws, the Executive Officer shall prepare and file an annual budget report showing all revenues and expenditures following the end of the Fiscal Year.

The Executive Officer shall prepare or have prepared and file in a timely manner such annual reports and forms as required by the Internal Revenue Service, State of California, and other regulatory agencies (Form 990, 199, RRFI) to satisfy the Association’s corporation and not-for-profit status responsibilities and obligations.

3.11 Authority to Contract

The Executive Director is authorized to approve and sign all contracts if the amount is $10,000 or less. All personal service contracts and any other contract in excess of $10,000 must be approved by the Board of Directors.

3.12 Service Contract Renewals

Renewals of contracts for CALAFCO services shall be done in a timely manner in order to assure continuity of services. For all multi-year contracts, renewal of the contract shall be approved by the Board at least four months prior to the expiration of the contract. In no case shall a contractor continue to perform services beyond the expiration of the contract.

3.13 Grants

The application for any grant funds must be approved by the Board of Directors.
Grant funds shall be maintained in a separate account and identified as a separate line item(s) on budgets and financial statements and summaries.

### 3.14 Internal Control Structure

The Single Audit Act Amendments of 1996 and the accounting profession define internal control as a process, affected by the board of directors and staff, and designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

The achievement of these objectives results in public accountability.

#### A. Cash Receipts

1. Cash receipts may be accepted by any CALAFCO staff or volunteer working on a CALAFCO project or event.
2. Numbered cash receipts shall be issued for any and all cash transactions.
3. Cash receipts shall be immediately recorded.
4. Checks shall be restrictively endorsed immediately upon receipt.
5. Cash receipts shall be deposited promptly and intact.
6. The complete record of all deposits will be maintained and transmitted immediately to the Executive Officer upon deposit.
7. CALAFCO shall not maintain a petty cash fund. All funds must be deposited in Association accounts.

#### B. Cash Disbursements

1. All disbursements shall be made by check.
2. All disbursements shall be promptly recorded on a cash disbursement journal.
3. All cash disbursements shall be supported by vendor invoices or other external documents.
4. Bank reconciliations shall be prepared in a timely manner for all accounts.
5. The cash disbursement journal shall provide for allocation of expenditures to the appropriate line items.
6. CALAFCO shall allocate expenses among programs, grants, or contractors based on its budget.
7. The Executive Director, the Executive Officer and the Deputy Executive Officers shall each have signing authority for all CALAFCO accounts.
8. No staff officer shall sign any check payable to him or her self, or to any entity, public or private, with which they have any form of employment or ownership interest.
9. Check signers shall review supporting documents before signing checks.
10. Copies of checks and supporting documentation shall be immediately forwarded to the Executive Officer.
11. Any disbursements of more than $10,000 shall have the written concurrence of the Chair or the Treasurer.
12. The Board of Directors shall provide written authorization to the Executive Director for the purpose of seeking out financial credit opportunities and further authorization to enter into credit agreements including lines/letter’s of credit with lending institutions subject to the approval of the Treasurer.

3.15 Reserve Funds

The Board of Directors shall maintain an account of reserved and unbudgeted funds. Reserve funds are maintained for unbudgeted situations. Funds may only be moved into or out of the reserve accounts by action of the Board of Directors. In no case shall the reserve funds exceed 25% of the total annual operating budget of the association.

3.16 Compensation and Reimbursable Expenses

Executive Director, Legal Counsel, Other Contract Staff

The compensation for the CALAFCO Executive Director, Legal Counsel and for any administrative or financial services shall be done by contract and approved by the Board of Directors. Any extension, change in compensation, or any other change of contract terms shall require the approval of the Board of Directors. CALAFCO will reimburse reasonable business expenses—including travel costs—up to the limits and restrictions identified in the individual contracts. Any expenses in excess of the contract limits require the approval of the Board of Directors.

Staff Officers

Each year a stipend is provided to the sponsoring LAFCo of each volunteer staff officer. The stipend is intended to reimburse the sponsoring LAFCo for some of the costs (including travel, phone, postage, and similar costs) associated with the individual’s CALAFCO work. The Board of Directors establishes the stipend amount each year as part of the budget process. Other extraordinary staff officer expenses may be reimbursed if approved by the Executive Director.

Board Members

As stated in the Bylaws, Board Members shall receive no compensation or reimbursement for their services. The host LAFCo is expected to cover the travel costs and per diem expenses associated with participation in Board meetings, conferences, and retreats.

3.17 Investment Policy

The purpose of this policy is to establish investment guidelines for CALAFCO officials to ensure the stewardship of association funds. Any funds which are not required for the immediate needs of CALAFCO operations shall be prudently invested. All funds shall be invested in a manner which will ensure the safety of association funds by mitigating credit and interest rate risk and provide sufficient liquidity to meet all operating requirements. CALAFCO shall strive to attain a return on investments that is reasonable given the safety of the principal and liquidity objectives and the secondary importance of yield. All investments shall be in conformance with federal, state and other legal requirements.

Investment Objectives

The specific objectives for all funds invested as defined by this policy are listed in priority order as follows:
A. SAFETY OF PRINCIPAL
   The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided.

B. LEGALITY
   Each transaction and the entire investment program must comply with federal and state law and CALAFCO's investment policy as defined herein.

C. LIQUIDITY
   The invested funds should remain sufficiently flexible to enable CALAFCO to meet all operating requirements which may be reasonably anticipated.

D. MEMBER TRUST
   In managing CALAFCO investments, the association shall avoid any transactions that might impair member confidence. Investments should be made with precision and care, considering the safety of the capital. The prudent investor standard, a standard of conduct requiring that any investment be made with care, skill, prudence, and diligence, shall be used in order to safeguard the funds and meet the liquidity needs of CALAFCO.

E. RETURN ON INVESTMENT
   Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

Delegation of Authority
Authority to manage CALAFCO's investment program rests with the CALAFCO Board of Directors. Management responsibility is hereby delegated to the Investment Committee comprised of the Chair, Treasurer, Executive Director, and Executive Officer under the direction of the Board of Directors.

Authorized Investments
Association funds not required for the immediate needs of CALAFCO may be invested as follows:

- Money market funds that are FDIC insured or that only invest in:
  - U.S. Government and U.S. Government Agency securities
  - Bank Certificates of Deposit
  - Highly rated commercial paper
  - LAIF

- U.S. Government and Agencies obligations

- Negotiable Certificates of Deposit with a maturity of one year or less issued by a nationally or state chartered bank, a state or federal savings and loan association, or savings bank with ratings equivalent by Fitch to F1 or better

The Board of Directors may at any time change the securities approved for investment as deemed appropriate.

Reporting
The Executive Officer shall submit a quarterly report to the Board as part of Board meeting budget report showing investment activity, including yield and earnings and the status of cash by depository.

As part of the Association’s annual financial review, the CPA shall also review investment performance and operations. The purpose of this review shall be to obtain suggestions for
improved future performance and to verify that investment has been done in accordance with this policy and all applicable laws.

3.18 Conflict of Interest

This policy: (1) defines conflicts of interest; (2) identifies classes of individuals within the Organization covered by this policy; (3) facilitates disclosure of information that may help identify conflicts of interest; and (4) specifies procedures to be followed in managing conflicts of interest. The purpose is to prevent the personal interest of staff members, board members, and volunteers from interfering with the performance of their duties, or result in personal financial, professional, or political gain on the part of such persons at the expense of the organization, its supporters and other stakeholders. This policy is in addition to Bylaws section 4.10: Interested Persons, and section 9.2: Self-Dealing.

Definition of Conflicts of Interest. A conflict of interest arises when a person in a position of authority over the Organization may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.

Individuals Covered. Persons covered by this policy are the Association’s board of directors, executive director, executive officers, and key administrative and financial contractors.

Facilitation of Disclosure. Persons covered by this policy will annually disclose or update to the Chair of the Board of Directors on a form provided by the Association their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members. Written disclosure of any potential conflict of interest shall also be contained in staff reports submitted to the Board in consideration of proposed actions.

Procedures to Manage Conflicts. For each interest disclosed to the Chair of the Board of Directors, the Board will determine whether a conflict exists and if so the Board shall vote to: (a) take no action; (b) assure full disclosure to the Board of Directors and other individuals covered by this policy; (c) ask the person to recuse from participation in related discussions or decisions within the Association; (d) cancel or not award a contract; or (e) ask the person to resign from his or her position in the Association, or if the person refuses to resign, become subject to possible removal in accordance with appropriate removal procedures. Votes shall be by a majority vote without counting the vote of any affected director.

The Executive Director will monitor proposed or ongoing transactions for conflicts of interest and disclose them in writing to the Board of Directors in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.
3.19 **Whistleblower**

The purpose of this policy is to: (1) encourage staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Association; (2) specifies that the Association will protect the person from retaliation; and (3) identifies where such information can be reported.

**Encouragement of Reporting.** CALAFCO encourages complaints, reports or inquiries about illegal practices or serious violations of the Association’s policies, including illegal or improper conduct by the Association itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies.

**Protection from Retaliation.** The Association prohibits retaliation by or on behalf of the Association against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Association reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

**Where to Report.** Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Executive Director or Chair of the Board of Directors; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to Vice Chair. The Association will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that CALAFCO may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

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**CALAFCO Conflict of Interest Disclosure Form**

This form must be filed annually by all specified parties, as identified in the Association’s Conflict of Interest Policy Statement.

- [ ] I have no conflict of interest to report
- [ ] I have the following conflicts of interest to report (please specify):
  - 
  - 
  - 

The undersigned, by their affixed signature, note their understanding of the implications of this policy.

__________________________  __________________________
Signature                       Printed Name

__________________________
Date
SECTION 4
Operational Policies

4.1 Dues

A LAFCo must pay member dues in full by 1 September of each fiscal year in order to maintain membership for the current fiscal year. Any LAFCo joining after 1 September of any fiscal year will be considered a member upon payment of the full annual dues for the current fiscal year. All rights and privileges of membership shall automatically terminate for any member LAFCo not paid in full by that date.

Anyone qualified to join CALAFCO as an Associate Member will be considered an Associate Member upon full payment of Associate Member dues. Associate Membership will automatically terminate one calendar year after the full payment of dues, unless renewed prior to the one-year expiration date.

No dues refunds will be made, except for overpayments, unless approved by the Board.

4.2 Conference and Workshops

CALAFCO shall hold an annual conference and a staff workshop. The goal of all CALAFCO educational activities is to provide LAFCo commissioners, staff, and stakeholders with high quality and timely sessions and networking opportunities that assist them in advancing the purposes and objectives of LAFCo.

Date and Site Selection

1. The Executive Director shall maintain a five-year calendar for the annual conference.
2. Conference and workshop sites shall be rotated among the regions, as practical5.
3. The selection and approval of Annual Conference and Staff Workshop locations and hotel contracts shall be approved by the Board of Directors based on recommendations from the Executive Director. Sites and contracts for other courses and seminars shall be approved and executed by the Executive Director. Contracts with hotels shall be signed by the Chair or the Executive Director.

Conference and Staff Workshop Planning Committees

The Planning Committee consists of the Host Committee and the Program Committee. The committees shall be established for each event as described in the Conference and Staff Workshop Planning Guide. The Executive Officer will assist with recruitment of volunteers to serve on the planning committee.

1. The Host Committee is responsible for the facilities, hotel, registration, marketing, and budget as approved by the Executive Director, meals, entertainment, tours and other on-site logistics and arrangements. The committee is chaired by the host LAFCo(s) and coordinates its work with the Executive Director.

2. The Program Committee is responsible for the program construction, theme, speakers and panelists, speaker equipment and arrangements, handout materials, session moderators or facilitators, speaker preparation, and other program-related activities. The program committee may be chaired by a Board Member(s) appointed by the chair and coordinates its work with the Executive Officer and the Host Committee.
Conference and Workshop Budget

Every conference and workshop shall have a budget prepared by the Host Committee and approved by the Executive Director. The budget shall contain the major revenue sources and expenditures as described in the Conference and Workshop Planning Guide.

Registration Fees

Member and non-member registration fees should reflect the actual costs of the event plus a minimum return of 15% for conferences and 5% for other CALAFCO events to CALAFCO. Both regular and associate members are eligible for the member rate. A non-member fee may be established for an event at up to 50% above the member registration rate. Fees from previous years should be considered to avoid significant increases from year to year. As appropriate, guest/spouse fees may be established for events. The fee should allow participants to choose specific meals or events to attend and should reflect actual costs. Registration fees are proposed by the Host Committee and approved by the Executive Director.

Refunds

Registrations for conferences and workshops are considered complete upon payment of the registration fee.

Cancellation requests made in writing at least 20 days prior to the event shall receive a 100% refund less a $20 handling fee. Written cancellation requests made within 20 days but prior to the cancellation deadline will receive credit for the fee paid, less a $20 handling fee which may be applied to the next conference or workshop. The cancellation deadline shall be established by the executive director for each event and is a specific date no more than ten (10) business days prior to the commencement of the event.

Special fees paid—such as guest meals or field trips—shall be fully refunded if a cancellation request is made in writing prior to the cancellation deadline or if the special event is cancelled.

There shall be no refunds or credits for any cancellations made after the cancellation deadline.

Registration and special fees are transferable at any time to another person if the request is made in writing, and is subject to a $20 handling fee.

A LAFCo may carryover, for a period of one year, ONE canceled or unused registration that is equal to the amount paid for use at a future conference or workshop.

Speaker Reimbursement and Fees

For invited conference and workshop speakers who are not already participating in the event, the Association may reimburse EITHER transportation costs OR the cost of one night’s lodging, only if the speaker requests it. The amount of the reimbursement may not exceed the cost of the hotel room. CALAFCO will also cover the cost of any meals served the day of the presentation. The Executive Director or Executive Officer may authorize exceptions to this where honorariums or speaker fees are required.

Complementary Registrations

The Executive Director may authorize any complementary registrations for conferences, workshops and courses for invited speakers and guests from peer associations and state agencies, if the speaker or guest requests it.

These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011 and 29 April 2011. They supersede all previous versions of the policies.
4.3 CALAFCO University and Other Seminars

These professional educational courses are designed to provide in-depth technical information about select LAFCo-related procedures, policies and laws for LAFCo commissioners, staff, and interested stakeholders.

Administration

1. The topics, content, scheduling, and registration are coordinated by a CALAFCO Deputy Executive Officer in consultation with the Executive Director.

2. Up to four University Courses will be offered per year.

3. Sites in Sacramento and southern California will be used as demand and instructor availability warrants.

Budget and Finances

1. The Deputy Executive Officer will work with the Executive Director to establish a budget for each class. At a minimum, CALAFCO University courses are expected to be self-sustaining.

2. As much as possible, instructors from member LAFCos and Associate Members will be used to take advantage of available expertise and minimize instructional costs.

3. Fees will be used to cover the costs of preparation, room rental, meals, and course materials.

4. All registration fees will be deposited in the CALAFCO account and expenses paid by CALAFCO.

Fees

The executive director in consultation with CALAFCO staff shall establish the registration fees. As much as possible all courses shall have the same fee. Fees shall include a discount for multiple registrations from a single member LAFCo or associate member, and an increased fee for non-member registrations.

Refunds

Preregistration is required. Registration is considered complete when the registration and fees are received, or a written confirmation is received that fees will be paid the day of the class.

Cancellation requests made in writing and received at least four (4) working days prior to the event shall receive a 100% refund. Cancellations within four (4) days are transferable but not refundable for that class.

Non-member cancellations within 10 days of the class are not refundable. Cancellations or no shows the day of the course are nonrefundable.

Registration fees are transferable to another person not already registered, if the request is made in writing.
4.4 Communications Tools

Website
The website is designed to enhance communications among LAFCos and interested stakeholders. Postings on the CALAFCO website must be related to LAFCo work and not of a commercial nature, except for qualified Associate Member announcements and/or links.

Members (regular and associate) may post LAFCo-related job and RFP announcements and ads on the CALAFCO website. Non-members may not advertise on the CALAFCO website.

Access to the Members Only section is limited to member LAFCos.

List Serves
CALAFCO maintains various list serves to enhance communications among member LAFCos. List Serve membership is open to the staff (both employees and contract employees) of member LAFCos. Membership of the Counsel List Serve is limited to LAFCo Counsel. CALAFCO List Serves may not be used for the solicitation of business, for personal use, or for the collection of information for use other than official LAFCo business.

Websites for Members
CALAFCO encourages member LAFCos to establish, maintain, and operate their own websites in compliance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. CALAFCO will maintain a central directory of links to these websites.

For those member LAFCos that do not have the means to operate their own website, CALAFCO will make available up to 2.0 MB of space on its web server. This is a member service and requires no additional fee.

CALAFCO staff, including the CALAFCO webmaster, will assist interested member LAFCos with the establishment of a website on the CALAFCO web server. CALAFCO staff will develop a protocol for the member LAFCo to submit documents for posting on the website.

When a member LAFCo’s site reaches the 2.0 MB storage limit, CALAFCO staff will not post new documents until the member LAFCo identifies older documents to remove.

CALAFCO recognizes that extraordinary proposals generate documents of great interest to the public. CALAFCO staff will consider, on a case-by-case basis, requests to exceed the 2.0 MB storage limits for a specified period of time.

It is the responsibility of each member LAFCo to ensure websites are current and comply with the requirements of the Cortese-Knox-Hertzberg Act.

4.5 Legislative Policies and Committee

Legislative Policies
In the fall of each year the Board shall review and update the CALAFCO Legislative Policies. These policies are intended to drive the work of the Legislative Committee and provide the Committee and staff with policy direction on legislative positions. The Legislative Policies consist of two parts: 1) the longer-term legislative policies of the association; and 2) legislative priorities that the Board may establish for the legislative session through its strategic planning session.
Legislative Committee

In the fall of each year the Board shall appoint the members of the CALAFCO Legislative Committee.

The committee shall consist of up to 20 members appointed annually by the Board. Members include six Board Members, 9-11 LAFCo staff, the Executive Director, Legal Counsel, and the CALAFCO Executive Officer or designated Deputy Executive Officer. Members shall include representatives from all regions.

The Committee acts on behalf of the Board in developing and taking positions on legislation based on the Board’s Legislative Policies. The Committee meets bimonthly, as needed, during key periods of the legislative session.

A quorum consisting of at least 50% of the appointed Board members is required for decisions. The Committee will strive towards consensus on all decisions. Should a consensus not be possible, decisions will be made by a majority vote. In cases where legislative policy is unclear, there is significant disagreement, or a financial commitment is required or at the request of any of the participating Board members, the Committee shall send an item to the full Board for consideration. The Board is to be presented with a full update on Committee activity at every Board meeting.

Preference for staff appointments is based on interest, expertise and past participation. Appointments will include statewide representation. Alternates will be appointed for the staff seats and will serve on a rotating basis whenever a regular member is absent. No more than one voting member may serve from any one LAFCo.

All CALAFCO members are encouraged to offer proposed legislation, request agenda items, attend meetings and participate in Committee discussions. The Committee will meet in alternating locations between Sacramento and Southern California. Action minutes will be prepared for each meeting and distributed to each member as well as the Executive Officer of each LAFCo.

Legislative Committee Chair and Vice Chair

The Board has designated the Executive Director to serve as Chair of the Legislative Committee. The Chair shall appoint a volunteer LAFCo staff member as Vice Chair. The Vice Chair serves as Chair and as a voting member in the absence of the Chair. The Vice Chair will provide a leadership role in legislative research and developing the CKH omnibus bill.

4.6 Transparency and Accountability

CALAFCO is committed to the transparency and accountability of its operations.

Website Posting

The Association will post the following operational documents on its website for public inspection:

- IRS Determination Letter
- Annual Operational Budget
- Directory of Board of Directors and Officers
- Current By-Laws and Policy and Procedures Manual
- Minutes of Board Meetings and Staff Reports shall be available on the member’s section
GuideStar

The Association will maintain a current listing on GuideStar (www.GuideStar.org). GuideStar's mission is to revolutionize philanthropy and nonprofit practice by providing information that advances transparency, enables users to make better decisions, and encourages charitable giving. GuideStar automatically updates the listing with current Form 990 data and makes it accessible to any interested party at no charge.

Public Inspection of Annual Returns and Exemption Applications

CALAFCO will make the following documents available for public inspection and copying upon request and without charge (except for a reasonable charge for copying).

- **Exemption Application**, Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, along with all documents submitted with Form 1023 and the exemption ruling letter issued by the IRS
- **IRS Annual Information Return** (Form 990) with schedules, attachments, and supporting documents filed with the IRS. Returns need to be available for disclosure for only three years after the due date or filing date of the return.
- **State of California Annual Information Form** (Form 199)
- **State of California Annual Registry of Charitable Trust Report**

### 4.7 Document Retention and Destruction

This policy identifies the record retention responsibilities of staff, volunteers, members of the Board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Association's documents and records.

**Rules.** CALAFCO staff, volunteers, members of the Board of Directors and outsiders (i.e., independent contractors) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Executive Director; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, databases, networks, and back-up storage after one year; and (d) no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.

**Terms for Retention.**

a. **Retain permanently:**

   - **Governance Records** – Articles of incorporation and amendments, by-laws, other organizational documents, application for recognition of tax-exempt status, the determination letter recognizing tax-exempt status, and Board of Director and committee minutes.
   - **Intellectual property records** – Copyright and trademark registrations and samples of protected works.
   - **Financial records** – Financial statements, attorney contingent liability letters.

b. **Retain for ten years:**

   - **Tax records** – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.
Government relations records – State and federal lobbying and political contribution reports and supporting records.

Insurance records

c. Retain for three years:

Employee/Contractor records – Names, addresses, social security numbers, resume/application materials, job descriptions, dates of hire and termination, compensation information, contracts, documentation of basis for independent contractor status (retain for three years after departure of each individual).

Lease and contract/license records – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

All other electronic records, documents and files – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

Exceptions. Exceptions to these rules and terms for retention may be granted only by the Executive Director or Chair of the Board.
SECTION 5
Board of Directors Operations

5.1 Bylaws
Meetings of the Board of Directors are governed by Article IV of the Association Bylaws with the additional clarifications contained in these policies.

Election of officers will occur at the next board meeting following the annual meeting and will include the seating of the president (chair) and vice president (vice chair) and new board members.

5.2 Meeting Agenda and Materials
The executive director is responsible for the distribution of the Board meeting agenda and available agenda item materials in advance of the meeting. The agenda and available board letters and support materials shall be mailed to Board members and posted on the CALAFCO website at least one week prior to the meeting.

5.3 Meeting Participation
Meetings of the Board of Directors are open to all member LAFCo staff and commissioners, and associate members.

The Chair will designate appropriate times during the discussion for members to provide input on issues before the Board. Seating at the Board table is limited to the Board members and CALAFCO staff.

5.4 Electronic Voting
The Board of Directors established an e-vote policy to accommodate decisions on urgent or critical issues that the Board must address, and that cannot be delayed until the next regularly scheduled Board meeting.

1. Making a Motion – Any Board Member may request the chair or vice-chair to make a motion by corresponding electronically with all other Board Members. The substantive motion would also include a motion to call a “Special E-Meeting” of the Board. Should the chair or vice chair deny the motion, the Board Member may appeal to the CALAFCO Officers within 24 hours to reconsider the denial. The Officers may then decide to proceed with the vote or deny the request. This denial is final.

2. Calling the Meeting – The Chair, in consultation with the Vice Chair and the Executive Director will determine if the request meets the standard of urgent or critical. If it is determined to meet the criteria, the Chair will call the meeting to order and direct the Executive Director to begin the process.

3. Initiation and Opportunity for Discussion – The Executive Director will e-mail the proposed motion to all Members. This will initiate a two (2) working day (excluding weekends and holidays) discussion period. Members may discuss the motion through “reply-all” e-mail at any time during this discussion period. No individual conversations (electronically or otherwise are permitted on the motion).

4. Formal Motion – Following the discussion period, the Member who made the initial motion may change or modify it as they see fit. The Executive Director will resubmit the motion for a second and vote of the Board.
5. Seconding the Motion – A positive vote from any other Member is considered a second to the motion.

6. Voting Period – Members vote by using the “reply-all” button so that every Board Member sees all votes. The voting process must be completed within two (2) working days, although a shorter time frame could be requested in the body of the motion. In no case can the motion stay alive longer than two (2) working days [this excludes weekends and holidays].

7. Quorum – A quorum must be established by at least eight Board Members casting a vote.

8. Affirmative vote – Assuming a quorum is established, an affirmative vote by a majority of those voting is sufficient to pass the motion.

9. Amendments – Once the discussion period has passed and the formal motion has been made, the motion may not be amended.

10. Minutes – Will be prepared by the Deputy Executive Officer for each electronic vote and presented to the Board at the next actual Board meeting.

5.5 Board Nomination and Election Procedures

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF A RECRUITMENT COMMITTEE:
   a. Following the Annual Membership Meeting the Board shall appoint a Recruitment Committee of four members of the Board. The Recruitment Committee shall consist of one member from each region whose term is not ending.
   b. The Board shall appoint one of the members of the Recruitment Committee to serve as Chairman. The CALAFCO Executive Officer shall appoint a CALAFCO staff member to serve as staff for the Recruitment Committee in cooperation with the CALAFCO Executive Director.
   c. Each region shall designate a regional representative to serve as staff liaison to the Recruitment Committee.
   d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCos across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCOs:
   a. No later than three months prior to the Annual Membership Meeting, the Recruitment Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
      i. A statement clearly indicating which offices are subject to the election.
      ii. A regional map including LAFCos listed by region.
iii. The dates by which all nominations must be received by the Recruitment Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked “Received too late for Nominations Committee action.”

iv. The names of the Recruitment Committee members with the Committee Chairman’s LAFCo address and phone number, and the names and contact information for each of the regional representatives.

v. The address to send the nominations forms.

vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.

b. No later than four months before the annual membership meeting, the Recruitment Committee Chairman shall send an announcement to the Executive Director for distribution to each member LAFCo and for publication in the newsletter and on the web site. The announcement shall include the following:

i. A statement clearly indicating which offices are subject to the election.

ii. The specific date by which all nominations must be received by the Recruitment Committee. Nominations received after the closing dates shall be returned to the proposing LAFCo marked “Received too late for Recruitment Committee action.”

iii. The names of the Recruitment Committee members with the Committee Chair’s LAFCo address and phone number, and the names and contact information for each of the regional representatives.

iv. Requirement that nominated individual must be a commissioner or alternate commissioner from a member in good standing within the region.

c. A copy of these procedures shall be posted on the web site.

3. THE RECRUITMENT COMMITTEE:

a. The Recruitment Committee and the regional representatives have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Recruitment Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.

b. At the close of the nominations the Recruitment Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated seats. Caucus elections must be held prior to the annual membership meeting at the conference. The Executive Director or assigned staff along with a member of the Recruitment committee shall tally ballots at each caucus and provide the Recruitment Committee the names of the elected Board members and any open seats. In the event of a tie, the staff and Recruitment Committee member shall immediately conduct a run-off ballot of the tied candidates.

c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference.

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These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011 and 29 April 2011. They supersede all previous versions of the policies.
d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).

e. Advise the Annual Conference Planning Committee to provide “CANDIDATE” ribbons to all candidates attending the Annual Conference.

f. Post the candidate statements/resumes organized by region on a bulletin board near the registration desk.

g. Regional elections shall be conducted as described in Section 4 below. The representative from the Recruitment Committee shall serve as the Presiding Officer for the purpose of the caucus election.

h. Following the regional elections, in the event that there are open seats for any all offices subject to the election, the Recruitment Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.

b. LAFCos requesting an electronic ballot shall do so in writing no later than 30 days prior to the annual meeting.

c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.

d. LAFCo must return the ballot electronically to the executive director no later than three days prior to the annual meeting.

e. LAFCos voting under this provision may discard their electronic ballot if a representative is able to attend the annual meeting.

f. LAFCos voting under this provision may only vote for the candidates nominated by the Recruitment Committee and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

g. The Recruitment Committee Chairman, another member of the Recruitment Committee or the Chair’s designee (hereafter called the Presiding Officer) shall:

   i. Review the election procedure with the membership.

   ii. Present the Recruitment Committee Report (previously distributed).

   iii. Call for nominations from the floor by category for those seats subject to this election:

          1. For city member.
2. For county member.
3. For public member.
4. For special district member.

h. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.

i. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.

j. The Presiding Officer shall conduct a “Candidates Forum”. Each candidate shall be given time to make a brief statement for their candidacy.

k. The Presiding Officer shall then conduct the election:

i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:

1. Name the nominees and offices for which they are nominated.
2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.

ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:

1. Poll the LAFCos in good standing by written ballot.
2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.
3. With assistance from CALAFCO staff, tally the votes cast and announce the results.

iii. Election to the Board shall occur as follows:

1. The nominee receiving the majority of votes cast is elected.
2. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election.
3. In case of tie votes:
   a. A second run-off election shall be held with the same two nominees.
   b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.
4. In the case of two vacancies, any candidate receiving a majority of votes cast is elected.
a. In the case of no majority for either vacancy, the three nominees receiving the three highest number of votes cast shall face each other in a run-off election.

b. In the case of no majority for one vacancy, the two nominees receiving the second and third highest number of votes cast shall face each other in a run-off election.

c. In the event of a tie, a second run-off election shall be held with the tied nominees. If there remains a tie after the second run-off election the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES
a. For categories where there are more candidates than vacancies, names will be listed in the order nominated.

b. The Recruitment Committee Chair shall announce and introduce all Board Members elected at the Regional Caucuses at the annual business meeting.

c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.

d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.

e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCo
Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES
Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.
These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007\(^1\), 8 February 2008\(^2\), 13 February 2009\(^3\), 12 February 2010\(^4\), 18 February 2011\(^5\) and 29 April 2011\(^6\). They supersede all previous versions of the policies.
BYLAWS
OF THE
CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

ARTICLE I
OFFICES
1.1 Principal Office. The principal office of California Association of Local Agency Formation Commissions (“Corporation”) is located at California Local Agency Formation Commissions, 801 12th Street, Suite 611, Sacramento, California 95814.

1.2 Change of Address. The Board (as that term is defined in Section 4.1.1 of these Bylaws) hereby is granted full power and authority to change the location of the principal office of Corporation. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws.

ARTICLE II
MEMBERS
2.1 Classification and Qualifications of Members. The Corporation shall have three (3) classes of members as follows: Member LAFCOs; Officers of Member LAFCOs; and Associate Members. Member LAFCOs shall be any local agency formation commission (“LAFCO”), which have paid the required annual membership dues and assessments and have indicated by appropriate action their desire to join the Corporation. Officers of Member LAFCOs shall be any regular or alternate Commissioner, executive officer, deputy executive officer, legal counsel, or deputy legal counsel of any LAFCO in good standing as a Member LAFCO. Associate Members of the Corporation shall be any member of the public, a government agency, a business, or an educational institution, either who or which has paid the required annual membership dues and assessments and has indicated by appropriate action its desire to join the Corporation. Notwithstanding any other provision in these Bylaws to the contrary, the terms generally meaning “approval of members or the membership” or “ratification by the members or membership” or “adopted by the members or membership” shall mean such approval or ratification or adoption by members eligible to vote.

2.2 Membership Dues. The Board shall identify the privileges, and set the amount of membership dues, in accordance herewith, for membership categories during the budget adoption process. The membership dues payable to the Corporation for the admission calendar year by newly admitted members shall be payable in full at the time of admittance. The amount of membership dues and the time or times of payment may, in accordance herewith, be determined and fixed by the Board, and a member, upon learning of any change in such amount or the time or times of payment, may avoid liability therefor by promptly resigning from membership. (Amended 6 September 2006)
2.2.1 Notwithstanding the foregoing, Member LAFCO annual membership dues shall be levied based upon a formula that includes the following components:


3. Minimum dues have two components. The first component utilizes the California State Association of Counties (CSAC) classification based on population of rural, suburban or urban counties. The second component is that no LAFCO will pay less than its current dues. For fiscal year 2006-2007, the minimum dues for a rural LAFCO are $650, and for a suburban LAFCO are $1,800. For fiscal year 2007-2008, the minimum dues for a rural LAFCO are $675, and for a suburban LAFCO are $2,000. For fiscal year 2008-2009, the minimum dues for a rural LAFCO are $725, and for a suburban LAFCO are $2,200.

2.2.2 Based on the above-described formula, the fiscal years 2006-2009 dues for each LAFCO are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006-07 Dues</th>
<th>2007-08 Dues</th>
<th>2008-09 Dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALAMEDA</td>
<td>$4,000</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>AMADOR</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>BUTTE</td>
<td>$1,800</td>
<td>$2,000</td>
<td>$2,200</td>
</tr>
<tr>
<td>CALAVERAS</td>
<td>$650</td>
<td>$675</td>
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<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>CONTRA COSTA</td>
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<td>$7,000</td>
</tr>
<tr>
<td>DEL NORTE</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>EL DORADO</td>
<td>$1,800</td>
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<td>$2,200</td>
</tr>
<tr>
<td>FRESNO</td>
<td>$3,534</td>
<td>$5,500</td>
<td>$6,185</td>
</tr>
<tr>
<td>GLENN</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>HUMBOLDT</td>
<td>$1,800</td>
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<tr>
<td>IMPERIAL</td>
<td>$1,800</td>
<td>$2,000</td>
<td>$2,200</td>
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<tr>
<td>INYO</td>
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</tr>
<tr>
<td>KERN</td>
<td>$3,012</td>
<td>$4,142</td>
<td>$5,271</td>
</tr>
<tr>
<td>KINGS</td>
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<td>LAKE</td>
<td>$650</td>
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<tr>
<td>LASSEN</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>LOS ANGELES</td>
<td>$4,000</td>
<td>$5,500</td>
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<tr>
<td>MADERA</td>
<td>$1,800</td>
<td>$2,000</td>
<td>$2,200</td>
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<tr>
<td>MARIN</td>
<td>$1,800</td>
<td>$2,000</td>
<td>$2,200</td>
</tr>
<tr>
<td>MARIPosa</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
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<td>MODOC</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>MONO</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
</tbody>
</table>
2.2.3 Dues will be increased by the Board on an annual basis for fiscal year 2009-2010 and following to reflect changes in the Consumer Price Index (CPI).

2.2.4 Membership dues may be reduced by the board if financial hardship is demonstrated to the satisfaction of the Board.

2.2.5 Officers of member LAFCOs shall not pay membership dues.

2.2.6 Notwithstanding the foregoing, associate member annual membership dues shall be established by action of the Board of Directors.

2.3 Assessments. Assessments may be imposed on members by resolution of the Board, except that any such assessments established by the Board first must be ratified by the voting membership before becoming effective. A member, upon learning of an assessment, may avoid liability therefor by promptly resigning from membership.

<table>
<thead>
<tr>
<th>County</th>
<th>2008 Dues</th>
<th>2009 Dues</th>
<th>2010 Dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTEREY</td>
<td>$1,800</td>
<td>$2,338</td>
<td>$2,976</td>
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<tr>
<td>NAPA</td>
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<tr>
<td>NEVADA</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>ORANGE</td>
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<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>PLACER</td>
<td>$1,800</td>
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<td>PLUMAS</td>
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<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>RIVERSIDE</td>
<td>$4,000</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>SACRAMENTO</td>
<td>$4,000</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>SAN BENITO</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
<tr>
<td>SAN BERNARDINO</td>
<td>$4,000</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>SAN DIEGO</td>
<td>$4,000</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>SAN FRANCISCO</td>
<td>$3,197</td>
<td>$4,396</td>
<td>$5,595</td>
</tr>
<tr>
<td>SAN JOAQUIN</td>
<td>$2,613</td>
<td>$3,593</td>
<td>$4,573</td>
</tr>
<tr>
<td>SAN LUIS OBISPO</td>
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<td>SAN MATEO</td>
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<td>SANTA BARBARA</td>
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<td>$2,935</td>
</tr>
<tr>
<td>SANTA CLARA</td>
<td>$4,000</td>
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<td>$7,000</td>
</tr>
<tr>
<td>SANTA CRUZ</td>
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<td>$2,000</td>
<td>$2,200</td>
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<tr>
<td>SHASTA</td>
<td>$1,800</td>
<td>$2,000</td>
<td>$2,200</td>
</tr>
<tr>
<td>SIERRA</td>
<td>$650</td>
<td>$675</td>
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<tr>
<td>SISKIYOU</td>
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<td>$725</td>
</tr>
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<td>SOLANO</td>
<td>$1,800</td>
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<td>SONOMA</td>
<td>$1,914</td>
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<td>STANISLAUS</td>
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<td>$2,200</td>
</tr>
<tr>
<td>YUBA</td>
<td>$650</td>
<td>$675</td>
<td>$725</td>
</tr>
</tbody>
</table>
2.4 **Number of Members.** There shall not be any limit on the number of members the Corporation may have.

2.5 **Membership Book.** The Corporation shall keep in any form capable of being converted in written form a membership book containing the name, address, and class of each member. The book also shall contain the fact of termination and the date on which such membership ceased. Such book shall be kept at the principal office of the Corporation and shall be subject to the rights of inspection required by law and as set forth in Section 2.6 of these Bylaws.

2.6 **Inspection Rights of Members.**

2.6.1 The accounting books and records and minutes of proceedings of the members, the Board, and committees of the Board shall be open to inspection upon written demand on the Corporation of any member at any reasonable time, for a purpose reasonably related to such person’s interests as a member.

2.6.2 Inspection pursuant to this Section 2.6 of these Bylaws by a member may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts at such member’s sole expense and cost.

2.6.3 If any record subject to inspection pursuant to this Section 2.6 of these Bylaws is not maintained in written form, the Corporation shall at its expense make such record available in written form.

2.6.4 Notwithstanding the foregoing, the right of a member to inspect and copy or obtain a copy of the list of names and addresses of members is as prescribed by Sections 6330 through 6338, inclusive, of the California Corporations Code ("CCC").

2.7 **Certificates of Membership.** The Corporation shall not issue membership certificates; however, the Corporation reserves the right to issue identity cards or similar devices to members which serve to identify members qualifying to use the facilities or services of the Corporation.

2.8 **Nonliability of Members.** A member of the Corporation shall not, solely because of such membership, be personally liable for the debts, obligations, or liabilities of the Corporation.

2.9 **Transferability of Membership.** Neither the membership in the Corporation nor any rights in the membership may be transferred or assigned for value or otherwise.

2.10 **Termination of Membership.**

2.10.1 The membership and all rights of membership automatically shall terminate on the occurrence, where applicable, of any of the following:

(A) Death.
(B) The voluntary resignation of a member, effective as of the date notice of such resignation is either personally hand-delivered to the President or Secretary of the Corporation or deposited in United States first-class mail, postage prepaid.

(C) The nonpayment of required dues, assessments or fees.

2.10.2 Termination of membership shall not relieve the resigning member from any obligation for charges incurred, services or benefits actually rendered, dues, assessments, or fees, arising from contract or otherwise prior to such effective date of resignation, and shall not diminish any right of the Corporation to enforce any such obligation or obtain damages for its breach.

ARTICLE III

MEETINGS OF MEMBERS

3.1 Place. Meetings of members shall be held at the principal office of the Corporation or at such location within the State of California as may be designated from time to time by the Board.

3.2 Regular Meetings. Regular meetings shall be as determined by the Board. The business to be conducted at such meetings shall include, but not be limited to:

(1) the election to the Board of Directors as provided in Article IV of these Bylaws;

(2) the written resolution of any Member LAFCO in good standing, provided such resolution was submitted to the Board at least sixty (60) days prior to such meeting; and

(3) the written resolution of any Member LAFCO in good standing not submitted in accordance with the immediately preceding clause (2), provided not less than fifty percent (50%) of Member LAFCOs eligible to vote are present and not less than two-thirds (K) of such present members agree to waive the 60 day prior notice requirement in the immediately preceding clause (2).

3.3 Special Meetings. Special meetings may be called by the Chairperson or by a majority of the voting members of the Corporation for any lawful purpose.

3.4 Notice of Meetings. Notice of member meetings shall be given in writing as follows:

3.4.1 Written notice of regular and special meetings shall be given not less than thirty (30) days nor more than ninety (90) days prior to the meeting to each
Member LAFCO and Associate Member of the Corporation. Such notice shall state the place, date and hour of the meeting, and in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members.

3.4.2 Notice of any meeting, written ballot, or report shall be given either personally, by first-class United States mail, postage prepaid, or other means of written communication, addressed to the member at the address of such member appearing on the books of the Corporation or given by the member to the Corporation for the purpose of notice; or if no such address appears or is given, at the place where the principal office of the Corporation is located. The notice, written ballot, or report shall be deemed to have been given at the time when delivered personally, deposited in the mail, or otherwise sent, as the case may be. An affidavit of mailing of any notice, written ballot, or report in accordance with the provisions of this Section 3.4.2 of these Bylaws, executed by the Secretary, shall be evidence of the giving of the notice, written ballot, or report.

3.4.3 Except as otherwise prescribed by the Board in particular instances and except as otherwise provided by applicable law, the Secretary shall prepare and give, or cause to be prepared and given, the notice of meetings and the written ballots.

3.5 Approvals. No action may be taken at a regular or special meeting unless a majority of the voting members are present. The Corporation may act on all matters upon the majority vote of the voting members present at the meeting. All such approvals shall be made a part of the minutes of the meeting.

3.6 Quorum.

3.6.1 A quorum at any meeting shall consist of not less than fifty (50%) of the members entitled to vote.

3.6.2 Except where a greater vote is required by the Articles of Incorporation, these Bylaws, or applicable law, if a quorum is present, the affirmative vote of a majority of the members present shall be the act of the members.

3.6.3 In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the members present, but no other business may be transacted.

3.6.4 When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof is announced at the meeting at which the adjournment is taken. The meeting shall not be adjourned for more than 45 days. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

3.7 Voting of Membership.
3.7.1 Each Member LAFCO, in good standing, is entitled to one (1) vote on each matter submitted to a vote of the members. A Member LAFCO’s vote may be cast by the Officer of a Member LAFCO designated in writing to the Executive Director or the Board by such Member LAFCO prior to or at the meeting. Members in the class of either Officer of a Member LAFCO or Associate Member are not entitled to vote on any matter submitted to a vote of the members.

3.7.2 Cumulative voting shall not be authorized for any purposes.

3.7.3 Proxies are not permitted.

3.8 Written Ballot of Members.

3.8.1 Whenever the members are to vote on any proposal for action which could be taken at any regular or special meeting of members, the members may, in the discretion of the Board (unless a specific method of voting is prescribed by these Bylaws), vote by written ballot without a meeting pursuant to this Section 3.8 of these Bylaws.

3.8.2 A written ballot shall be mailed to every member entitled to vote on the matter pursuant to Section 3.4.2 of these Bylaws.

3.8.3 The written ballot shall set forth the time by which the ballot must be received in order to be counted and the minimum number of written ballots which must be returned to meet the quorum requirement.

3.8.4 If the vote is for other than Directors, then the written ballot shall set forth:

(A) The proposal to be voted on, and for this purpose related proposals may be grouped as a single proposal for the written ballot.

(B) Offer the member a choice between approval and disapproval on each such proposal.

(C) Specify that the proposal must be approved by a majority of the written ballots voting on the proposal, provided that sufficient written ballots are returned to meet the quorum requirement.

3.8.5 Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.8.6 A written ballot may not be revoked.
3.9 **Unanimous Written Consent of Members.** In addition to the written ballot procedure of Section 3.8 of these Bylaws, any action required or permitted to be taken by the members may be taken without a meeting if all members individually or collectively shall consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the members. The action by written consent shall have the same force and effect as the unanimous vote of the members.

3.10 **Conduct of Meetings.**

3.10.1 The President of the Corporation or, in his or her absence, the Vice President of the Corporation, or in his or her absence, any other person chosen by a majority of the voting members present in person shall be Chairperson of and shall preside over the meetings.

3.10.2 The Secretary of the Corporation shall act as the Secretary of all meetings; provided that in his or her absence, the Chairperson shall appoint another person to act as secretary of the meetings.

3.10.3 The Chairperson shall decide questions of order at Member meetings subject to appeal by a majority of the quorum.

3.11 **Inspectors of Election.**

3.11.1 In advance of any meeting, the Board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any person appointed fails to appear or refuses to act, the Chairperson of any meeting may, and on the request of any member present shall, appoint inspectors of election (or persons to replace those who fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members, the majority of members present shall determine whether one or three inspectors are to be appointed.

3.11.2 The inspectors of election shall determine the number of memberships outstanding, the number present at the meeting, the existence of a quorum, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members.

3.11.3 The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.
ARTICLE IV

DIRECTORS

4.1 Number.

4.1.1 The authorized number of Directors of the Corporation shall be nineteen (19), of which sixteen (16) shall be voting members and elected from among the Commission Members as follows:

(1) Four (4) Directors shall be city members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(2) Four (4) Directors shall be county members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(3) Four (4) Directors shall be public members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(4) Four (4) Directors shall be special district members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

4.1.2 Three (3) nonvoting Directors shall be appointed as follows:

(1) One Director, appointed by the voting members of the Board, shall be an Executive Officer or a person functioning as executive officer of a Member LAFCO;

(2) One Director, appointed by the voting members of the Board, shall be the Executive Director of the Corporation; and

(3) One Director, appointed by the voting members of the Board, shall be a legal counsel or deputy legal counsel of a Member LAFCO.

Collectively, the Directors shall be known as the Board of Directors (“Board”).

4.1.3 The State shall be divided into four (4) regions as follows for the purpose of electing Board Members: Northern, Central, Coastal and Southern. The counties in each of the four (4) regions shall be determined by the Board of Directors.

Each region shall elect four (4) Directors comprised of one city member, one county member, one public member and one special district member.
4.2 Nomination; Election; and Term.

4.2.1 Prior to the annual meeting, the Board shall appoint a recruitment committee consisting of one member from each Region, in accordance with election procedures adopted by the Board. The committee shall solicit nominations and conduct regional elections for positions on the Board, the terms of which will expire with the annual meeting.

4.2.2 In the event that: (a) less than fifty (50) percent of the regions' Member LAFCOs vote, or (b) no nominations are received for an open director position in the region, then the open director position becomes at-large for one term and shall be elected at the annual meeting.

4.2.3 Nominations shall be made from the floor at the annual meeting for any at-large position described in Section 4.2.2. The nominations shall be from the same category as the open director position.

4.2.4 Only Commissioners of Member LAFCOs in good standing and whose membership dues and assessments are fully paid may be nominated to be a Director by the method of nomination authorized by the Board or by any other method authorized by law.

4.2.5 Directors shall be elected at a regular or special meeting or by written ballot as authorized by Section 3.8 of these Bylaws. Directors shall be eligible for reelection without limitation on the number of terms they may serve, unless elected to an at-large position that is not within their region.

4.2.6 Directors are elected for a term of two (2) years.

4.2.7 A vacancy occurring in the office of Director may be filled by the Board for the balance of the unexpired term and until a successor has been elected and qualified by the Board in accordance with Board-adopted election procedures.

4.2.8 Each elected Director shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

4.2.9 The Board shall make such rules as are necessary to carry out the provisions of Section 4.2.

4.3 Vacancies on Board. A vacancy or vacancies on the Board shall exist on the occurrence of the following:

(A) The death or resignation of any Director;

(B) The declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the CCC; or
(C) The increase of the authorized number of Directors.

4.4 Resignations and Terminations of Directors. Except as provided below, any Director may resign by giving written notice to the President or the Secretary 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. The Board, in its sole discretion, may declare vacant the position of any Director who misses three (3) consecutive meetings of the Board. Such Director, however, first shall be given prior notice of such pending termination and given the opportunity to offer a reason for such absences.

4.5 Meetings of the Board.

4.5.1 Meetings of the Board shall be held at the principal office of the Corporation unless another place is stated in the notice of the meeting.

4.5.2 A special meeting of the Board may be called by the President, the Secretary, or any two Directors.

4.5.3 Notice of all regular and special meetings of the Board shall be given. A notice need not include the purpose or agenda for the meeting. The notice may be in writing and mailed at least three (3) days before the meeting. The notice may also be delivered personally or by telephone at least 48 hours before the meeting.

4.5.4 Notice of a meeting need not be given to any Director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be made a part of the minutes of the meeting.

4.5.5 Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all such Directors participating in such meeting can hear one another. Participation in a meeting by this means constitutes presence in person at such meeting.

4.5.6 A majority of the authorized number of Directors shall constitute a quorum of the Board for the transaction of business, except to adjourn. A Director may give a proxy to the Executive Director solely for the purpose of constituting a quorum.

4.5.7 A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of adjournment.

4.6 Required Vote of Directors.

4.6.1 Every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board. A meeting at
which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

4.7 **Written Consent of Directors.** Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors individually or collectively shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. All members of the Board, as used in this Bylaw does not include any “interested director” as defined in Section 5233 of the CCC.

4.8 **Compensation of Directors.** Directors shall receive no compensation for their services.

4.9 **Inspection Rights of Directors.** Every Director shall have the absolute right to any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation during normal weekday business hours. If a Director wishes to be accompanied by an attorney during such inspection, then the inspection will be scheduled at a time when the Corporation’s attorney will be present.

4.10 **Interested Persons.** Not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

4.10.1 As used in this section, an “interested person” means either:

(A) Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or

(B) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

4.10.2 The provisions of this Section 4.10 of these Bylaws shall not affect the validity or enforceability of any transaction entered into by the Corporation.

4.11 **Powers of the Board.**

(1) It may call special meetings of the members whenever it deems it necessary.

(2) It shall appoint and remove, at pleasure, all officers, agents, and employees of the Corporation and it shall prescribe their duties to the extent that they are not set out in these Bylaws.
(3) It may appoint an executive officer or member LAFCO staff person to be a deputy Corporation executive officer.

(4) It shall conduct and manage the affairs and business of the Corporation, and it shall make rules and regulations not inconsistent with these Bylaws for the guidance of the officers and management of the affairs of the Corporation.

(5) It may contract with others for such staff and clerical assistance as may be necessary to perform its duties.

(6) It shall establish, levy, and collect, in accordance with these Bylaws, annual dues and assessments and such other charges and fees necessary to carry out the purposes of the Corporation.

(7) It may delegate any of its duties to committees to the extent not inconsistent with the Articles of Incorporation, these Bylaws, and applicable laws.

(8) It shall possess any and all other powers not inconsistent with the Articles of Incorporation, these Bylaws, and applicable laws.

4.12 Duties of the Board.

(1) It shall arrange and conduct an annual meeting of the Corporation and such other meetings and conferences as it determines necessary.

(2) It shall arrange for the exchange of information among LAFCOs.

(3) It shall review laws and proposed laws affecting LAFCOs and make such recommendations thereon as it deems appropriate.

(4) It shall appoint such committees as are necessary to assist the Board in the performance of its duties.

(5) It may adopt rules of procedure for the conduct of its meetings.

(6) It shall perform such other duties as are necessary to carry out the purposes of the Corporation or as directed by the membership, all in accordance with the Articles of Incorporation, these Bylaws, and applicable laws.
ARTICLE V

OFFICERS

5.1 Number and Titles. The officers of the Corporation shall be a President or Chairperson, a Vice-President or Vice-Chairperson, a Secretary, a Treasurer, an Executive Director, and such other officers with such titles and such duties as shall be determined and deemed advisable by the Board.

5.1.1 The President shall preside over all meetings of the Board and of the membership and shall sign, in such capacity, all deeds, contracts, notes, conveyances, and other papers, documents, and instruments in writing in the name of the Corporation, which have first been approved by the Board, and shall have, subject to the direction of the Board, general supervision of the business affairs of the Corporation and generally shall discharge such other duties as may be required by the Board.

5.1.2 The Vice-President shall, in the absence of the President or the inability or refusal of the President to act, carry on all duties and powers required by law or these Bylaws and shall all the powers conferred by law or these Bylaws upon the President.

5.1.3 The Secretary shall keep or cause to be kept the minute book of the Corporation as prescribed by Section 8.1 of these Bylaws. The Secretary shall sign in the name of the Corporation, either alone or with one or more other officers, all documents authorized or required to be signed by the Secretary. If the Corporation has a corporate seal, the Secretary shall keep the seal at the Corporation’s principal office and shall affix the seal to documents as appropriate or desired. The Board may by resolution authorize one or more Assistant Secretaries to perform, under the direction of the Secretary, some or all the duties of the Secretary.

5.1.4 The Treasurer is the chief financial officer of the corporation, and, where appropriate, may be designated by the alternate title “Chief Financial Officer”. The Treasurer is responsible for the receipt, maintenance, and disbursement of all funds of the Corporation and for the safekeeping of all securities of the Corporation. The Treasurer shall keep or cause to be kept books and records of account and records of all properties of the Corporation. The Treasurer shall prepare or cause to be prepared annually, or more often if so directed by the Board or President, financial statements of the Corporation. The Board may authorize one or more Assistant Treasurers to perform, under the direction of the Treasurer, some or all the duties of the Treasurer.

5.1.5 The Executive Director shall work directly with the Board in managing the day to day activities of the Corporation. The Executive Director shall be directly responsible for assisting the Board in the development of a strategic business plan to achieve greater financial performance and increased visibility, and generally be responsible for Board administration matters, education and training, communication, legislative activities, regulatory monitoring advocacy, and inter-agency communication, as may be described more fully by and at the pleasure of the Board.
5.2 Appointment and Removal of Officers.

5.2.1 The officers shall be elected by the Board.

5.2.2 Any officer elected by the Board may be removed from office at any time by the Board, with or without cause or prior notice.

5.2.3 When authorized by the Board, any elected officer may be appointed for a specific term under a contract of employment. Notwithstanding that such officer is appointed for a specified term or under a contract of employment, any such officer may be removed from office at any time pursuant to Section 5.2.2 of these Bylaws and shall have no claim against the Corporation on account of such removal other than for such monetary compensation as the officer may be entitled to under the terms of the contract of employment.

5.2.4 Any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Such resignation is effective upon receipt of the written notice by the Corporation unless the notice prescribes a later effective date or unless the notice prescribes a condition to the effectiveness of the resignation.

5.2.5 The same person may hold more than one appointed office, except that neither the Secretary nor the Treasurer may serve concurrently as the President.

ARTICLE VI

INDEMNIFICATION

6.1 Indemnification of Directors, Officers, and Employees.

6.1.1 The Corporation may indemnify a Director, officer, or employee under the provisions of Section 5238 of the CCC, or pursuant to any contract entered into with any employee who is not an officer or Director.

6.1.2 Expenses incurred in defending any proceeding may be advanced by the Corporation as authorized in Section 5238 of the CCC prior to the final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Director, officer, or employee to repay such amount unless it shall be determined ultimately that the Director, officer, or employee is entitled to be indemnified.

6.1.3 The Corporation may purchase and maintain insurance on behalf of any Director, officer, or employee of the Corporation against any liability asserted against or incurred by the Director, officer, or employee in such capacity or arising out of the Director’s officer’s, or employee’s status as such, whether or not the Corporation would have the power to indemnify the Director, officer, or employee against such liability under the provisions of Section 5238 of the CCC, except as provided in subdivision (I) of Section 5238 of the CCC.
ARTICLE VII

AMENDMENT

7.1 Amendment of Articles. The amendment of the Articles of Incorporation of the Corporation is provided for by California state law and generally requires the approval of the membership pursuant to these Bylaws and the filing of a certificate of amendment in the Office of the Secretary of State.

7.2 Amendment of Bylaws. The amendment of Bylaws is provided for by California state law and generally requires the approval of the membership pursuant to these Bylaws, and to the extent not inconsistent herewith:

(A) These Bylaws may be amended at a meeting of the Corporation or at any statewide, general meeting convened upon order of the Board. Bylaw amendments may be proposed by a Member LAFCO in good standing or by the Board.

(B) Proposed amendments shall be submitted to the Board in writing at least sixty days prior to the meeting at which they are to be considered. The Board shall mail copies of the proposed amendments to all Member LAFCOs in good standing at least thirty days prior to the meeting at which they are to be considered. A majority vote of the Member LAFCOs in good standing which are present and eligible to vote is required for adoption of the amendments submitted under this procedure.

(C) Written amendments to the Bylaws may be submitted and considered at a meeting of the Corporation without complying with the requirements set out in the preceding paragraph if at least fifty percent of the Member LAFCOs in good standing are present and eligible to vote at such meeting and two-thirds of the Member LAFCOs in good standing present and eligible to vote approve a waiver of the requirements set out in the immediately preceding subparagraph (B).

ARTICLE VIII

RECORDS

8.1 Minute Book. The Corporation shall keep or cause to be kept a minute book which shall contain:

(A) The record of all meetings of the Board including date, place, those attending and the proceedings thereof, a copy of the notice of the meeting and when and how given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting, and unanimous written consents to action of the Board without a meeting, and similarly as to meetings of committees of the Board established pursuant to the Bylaws and as to meetings or written consents of the incorporator of the Corporation prior to the appointment of the initial Directors.
(B) A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State.

(C) A copy of these Bylaws as amended, duly certified by the Secretary.

8.2 Annual Report.

8.2.1 Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year. The financial statements shall contain in appropriate detail the following:

(A) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year.

(B) The principal changes in assets and liabilities, including trust funds, during the fiscal year.

(C) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.

(D) The expenses or disbursements of the Corporation for both general and restricted purposes, during the fiscal year.

8.2.2 Any report furnished to Directors of the Corporation which includes the financial statements prescribed by Section 8.2.1 of these Bylaws shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

8.2.3 A report including the financial statements prescribed by Section 8.2.1 of these Bylaws shall be furnished annually to all Directors of the Corporation.

8.3 Report of Transactions and Indemnifications. The Corporation shall mail to all Directors a statement of any transaction between the Corporation and one of its officers or Directors or of any indemnification paid to any officer or Director if, and to the extent, required by Section 6322 of the CCC. The statement shall be mailed within 120 days after the close of the fiscal year. The statement required by this Section 8.3 of these Bylaws shall describe briefly:

(A) Any covered transaction during the previous fiscal year involving more than Fifty Thousand Dollars ($50,000), or which was one of a number of covered transactions in which the same “interested person” had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars ($50,000).

(B) The names of the “interested persons” involved in such transactions, stating such person’s relationship to the Corporation, the nature of such person’s interest in the transaction and, where practicable, the amount of
such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(C) The statement shall describe briefly the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars ($10,000) paid during the fiscal year to any officer or Director of the Corporation pursuant to Section 5233 of the CCC.

For these purposes, an “interested person” is any Director, officer, or member of the Corporation.
ARTICLE IX

MISCELLANEOUS

9.1 Bonding. All employees handling funds shall be properly bonded.

9.2 Self-Dealing. In the exercise of voting right by Directors, no Director shall vote on any issue, motion or resolution which directly or indirectly inures to his or her benefit financially, except that such Director may be counted in order to qualify a quorum and, except as the board may otherwise direct, participate in a discussion on such an issue, motion or resolution if he or she first discloses the nature of his or her interest subject to Section 5230 through, and including Section 5239 of the CCC.
CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of California Association of Local Agency Formation Commissions, a California nonprofit corporation; and

2. That the foregoing Bylaws, comprising eighteen (18) pages, constitute the Bylaws of said Corporation as duly adopted by the Incorporator of said Corporation, and as duly approved by the required vote of the members of said Corporation at a meeting duly held on Thursday, 10 September, 1998 and amended on 6 September, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 6th day of October, 2006.

Susan Vicklund-Wilson
Secretary
ARTICLES OF INCORPORATION
OF
CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

ARTICLE I

NAME

The name of the corporation is California Association of Local Agency Formation Commissions.

ARTICLE II

PURPOSES

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. Such purposes include, but are not limited to, the following:

1. Arrange and conduct periodic meetings for the purpose of educating members and the public as to the powers and responsibilities of local agency formation commissions.

2. Arrange for the exchange of information among local agency formation commissions and represent the views of the Corporation before the legislative and executive branches of state government.

3. Review and/or initiate proposed legislation affecting local agency formation commissions.

4. Coordinate and collaborate with other local government organizations or similar associations in furtherance of these purposes.

Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).
ARTICLE III

INITIAL AGENT FOR SERVICE OF PROCESS

The name of the initial agent of the corporation for service of process is Clark H. Alsop, Esq., whose complete business address is:

Best Best & Krieger LLP
3750 University Avenue
Post Office Box 1028
Riverside, California 92502-1028

ARTICLE IV

NAME OF EXISTING ASSOCIATION

The name of the unincorporated association which is being incorporated is California Association of Local Agency Formation Commissions.

ARTICLE V

INCORPORATION OF ASSOCIATION

The unincorporated association whose name is set forth in Article IV of these Articles of Incorporation is being incorporated by the filing of these Articles of Incorporation.

ARTICLE VI

DEDICATION AND DISSOLUTION

(a) The property of this corporation is irrevocably dedicated to public and charitable purposes, and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private persons.

(b) On the dissolution or winding up of the corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for public and/or charitable purposes and which has established its tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

(c) If this corporation holds any assets on trust, or the corporation is formed for charitable purposes, then such assets shall be disposed of in such manner as may be directed by decree of the superior court of the county in which the corporation has its principal office, on
petition therefor by the Attorney General or by any person concerned in the liquidation, in a proceeding to which the Attorney General is a party.

**ARTICLE VIII**

**LIMITATION ON CORPORATE ACTIVITIES**

No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate or intervene in any political campaign (including publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

**IN WITNESS WHEREOF**, the undersigned, being the Incorporator of California Association of Local Agency Formation Commissions, has executed these Articles of Incorporation on this _____ day of ______________, 1998.

______________________________
S.R. Jones, Incorporator
DECLARATION

I am the person whose name is subscribed below. I am the Incorporator of California Association of Local Agency Formation Commissions, and I have executed these Articles of Incorporation. The foregoing Articles of Incorporation is my act and deed.

Executed this _____ day of ______________, 1998, at ________________, California.

I declare that the foregoing is true and correct.

______________________________
S.R. Jones, Incorporator
STATEMENT BY GOVERNING BOARD MEMBERS
OF APPROVAL OF INCORPORATION OF
CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

The undersigned, being governing executive board members of California Association of Local Agency Formation Commissions, the unincorporated association specified in the foregoing Articles of Incorporation, state that the incorporation of said association by means of the foregoing Articles of Incorporation to which this Statement is attached has been approved by the association in accordance with its rules and procedures.

__________________________________  ______________________________
Patricia Clarke, Board Member         Byron Briley, Board Member
DECLARATION

Each of the undersigned declares under penalty of perjury that the statements contained in the foregoing Statement are true of his or her own knowledge and that this declaration was executed on this _____ day of _______________, 1998, at ________________, California.

____________________________   ______________________________
Patricia Clarke, Board Member   Byron Briley, Board Member