

BYLAWS
OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES
HEALTH BENEFITS AUTHORITY
AMENDED AND RESTATED AS OF JUNE 1, 2010

These Bylaws of the Board of Directors of the Association of California Water Agencies Health Benefits Authority are adopted pursuant to Article 26 of the Joint Exercise of Powers Agreement as Amended and Restated effective June 1, 2010.

ARTICLE I—DEFINITIONS

The definition of terms used in these Bylaws shall be those definitions contained in the Joint Exercise of Powers Agreement creating the Association of California Water Agencies Health Benefits Authority unless the context requires otherwise.

ARTICLE II—PRINCIPAL OFFICES

The principal office for the transaction of business of the Authority is hereby fixed and located at 910 K Street, Sacramento, California 95814. The location of the principal office may be changed by resolution of the Board of Directors from time to time.

ARTICLE III—MEMBERSHIP

Section 1. Composition and Selection. Membership in the Authority shall be composed of one Representative from each Agency participating in any of the Benefit Coverage offered by the Authority. The Representative shall be the General Manager, or if notified otherwise, President or Chairman of the governing body. Each participating Agency shall appoint at least one alternate Representative who is a member of the governing body to serve in the absence of the regular Representative. The alternate shall have the same authority to represent the District as the regular Representative who is absent

Section 2. Duration of Membership. An Agency may continue its membership in the Authority as long as it continues its participation in any of the Benefit plans offered through the Authority and maintains its active membership in the Association of California Water Agencies.

Section 3. Special Meetings. Special meetings of the Membership, for the purpose of taking any action permitted by statute or by the Agreement creating the Authority, may be called at any time by the

President, or by the Vice President in the absence or disability of the President, or by three (3) Members of the Board of Directors of the Authority or by not less than 25% of the Membership. Upon request in writing that a special meeting of the Membership be called for any proper purpose, directed to the President, Vice President, or Secretary of the Authority, by any person or persons entitled to call a special meeting of the Membership, the officer receiving such request forthwith shall cause notice to be given to the Member Agencies that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) or more than sixty (60) days after receipt of the request. Notice of any special meeting shall be given in compliance with the Ralph M. Brown Act, California Government Code Section 54950, et seq. Such notice shall specify the place, date and hour of such meeting, the nature of the business to be transacted, and if applicable, the names of nominees for the Board of Directors intended at the time of the notice to be presented for election. No business other than that specified in the notice of a special meeting may be transacted at that meeting.

Section 4. Place of Meetings. Meetings of the Membership shall insofar as possible be held at the location of the Association of California Water Agencies' Spring or Fall Conference and at a time immediately before or after such conference. Meetings at other times shall be held at locations designated by the President of the Board of Directors or approved by the written consent of 25% or more of Membership given either before or after the meeting and filed with the Secretary of the Authority.

Section 5. Quorum. At any meeting, the presence in person by the Representative or alternate of at least 20% of the Member Agencies shall constitute a quorum for the transaction of business. The Agencies present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Agencies to leave less than a quorum. If any action taken (other than adjournment) is approved by a number of Agencies at least equal to a majority of the Agencies required to constitute a quorum, except for actions specifically requiring more than a majority, the validity of such action shall not be subject to question on the basis that a quorum was not present at the time such action was taken.

Section 6. Adjourned Meetings.

- (a) **Adjournment.** Any Membership meeting, whether or not a quorum is present may be adjourned from time to time by the vote of a majority of the Representatives or their alternates present, but in the absence of a quorum, except as provided in Section 6 of this Article III, no other business may be transacted at such a meeting.
- (b) **Notice.** When any Membership meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as specifically provided herein, or by the Ralph M. Brown Act, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted there at, other than by announcement of the time and place thereof at the meeting at which such adjournment is taken and posting such notice as required by Section 54955 of the Government Code.

Section 7. Nominations of Board of Directors. Member Agencies, who participate in one of the self-funded plans offered through the Authority, may nominate one of its Directors or Management Staff for Membership on the Board of Directors in the following manner:

- (a) On forms provided by the Authority, an Agency may place into nomination its Director or Management Staff for any open position with the written concurrence of at least three Agencies which are Members of the Authority in addition to the nominating Agency.

- (b) Nomination forms must be completed and received by the Authority no later than the date specified on the nomination form.
- (c) This Agency nomination process shall be the sole method for placing candidates into nomination for Membership on the Board of Directors or officer positions.

Section 8. Ballot by Mail. In conformance with the following rules, the Health Benefits Authority shall conduct elections for Board Membership or Board Officers by written ballots submitted during the Balloting Period

- (a) **Balloting Period.** The Board of Directors shall set dates for the opening and closing of the Balloting Period and the date and place for a ballot count. The Board shall publish the dates for the Balloting Period and circulate ballot forms no later than 30 days prior to a 30 day ballot period. All ballots must be received by the closing date of the Ballot Period.
- (b) **Ballot Delivery.** The Board of Directors shall cause one ballot to be mailed to each Member Agency by first class mail not less than ten (10) business days prior to the opening date of the Balloting Period.
- (c) **Election.** The Board of Directors shall provide public notice of the date and place for the ballot count in conformance with the Ralph M. Brown Act. The date of this ballot count shall be within 30 days of the close of the balloting period. All interested Members may attend the ballot tabulation.
- (d) **Valid Election.** For an election to be valid, the Inspectors of election must receive completed ballots from no less than 20% of the Membership on or before the closing of the Ballot Period. Each Member Agency shall have one vote for each open position.. . . Ballots will only be accepted when signed by the designated agency Representative appointed according to Article III, Section 1 of these Bylaws.
- (e) **Certification and Publication.** Upon completion of the ballot tabulation, the Inspectors of election shall prepare a written certification of the election results and present it to the Secretary of the Board of Directors who shall publish the results to the Membership.

Section 9. Inspectors of Election.

- (a) **Appointment.** In advance of any Balloting Period, the Board of Directors may appoint any persons, other than nominees for office, as inspectors of election. The number of inspectors shall be three (3), at least one of whom shall be a voting Member of the Board of Directors. In case any person appointed as inspector fails to appear or fails or refuses to act, a vacancy shall be deemed to exist, and on the request of any Agency, shall be filled by appointment by the Board of Directors in advance of the election date.
- (b) **Duties.** The duties of such inspectors shall include: determining the current number of Agencies; receiving all ballots; counting and tabulating all ballots; determining the results; preparing the election certification; and all other such acts as may be proper to conduct the election or vote with fairness to all Member Agencies.
- (c) **Procedure.** The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical at the time and place designated for the election. The decision, act or certificate of a majority of the inspectors shall be 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 — BOARD OF DIRECTORS

Section 1. Number of Members. The authorized number of Members of the Board of Directors shall be eleven (11).

Section 2. Composition and Selection.

(a) The Board of Directors shall consist of eleven members, as provided in the Bylaws. The members of the Board of Directors shall be ten members elected by the Membership so that there are five members from the Northern region, five members from the Southern region, and the Chair of the ACWA Insurance and Personnel Committee or his/her appointee, who shall serve in accordance with the terms of the ACWA board. Each region must have at least one member with less than twenty employees participating in HBA Benefit Coverage and one member with twenty or more employees participating in HBA Benefit Coverage. Any eligible person must be enrolled in one of the HBA self-funded plans. The Board of Directors is responsible for defining the areas of the Northern and Southern regions and may periodically review and modify by majority vote of this Board.

(b) **Terms of Office.** Board of Directors first elected by the Membership in 2010 shall serve as follows:

Board of Directors

Position		Term
1 Nominee	North Region Member *	2 years
1 Nominee	North Region Member *	4 years
1 Nominee	North Region member with less than 20 Employees	4 years
Position		Term
1 Nominee	South Region Member *	4 years
1 Nominee	South Region Member *	4 years
1 Nominee	South Region member with less than 20 Employees	4 years

* Between the two North region positions, the person receiving the highest number of votes will fill the 4 year position and the person receiving the next highest will fill the 2 year position.

(c) For 2012 and later each election shall be for a 4 year term and the Membership shall elect 5 Members

Officers of the Board of Directors. The officers of the Authority shall be the President of the Health Benefits Authority; the Vice President of the Health Benefits Authority, however in the absence of the President, the Vice President shall preside over the meeting(s); The Executive Director/Secretary and the Treasurer. For the period preceding January 1, 2012, the current HBA Trustees participating in the HBA medical plans shall serve on the Board of Directors as follows: One each - Northern and Southern Regions

with 20 or more employees and one each - Northern and Southern Region with no size designation. Once elected by the Membership the Board of Directors will elect their own officers. Furthermore, for the period preceding January 1, 2012, the current HBA Chair shall serve as the President of the Board of Directors and the current HBA Vice Chair will serve as the Vice President of the Board of Directors.

(d) Removal. The unexcused absence of a Member of the Board of Directors from two consecutive meetings shall be the cause for the removal of said Member and appointment of a new Member to the Board of Directors by the remaining Members of the Board.

Section 3. Vacancies. A vacancy or vacancies on the Board of Directors shall be deemed to exist in case of death, incapacity, resignation, expiration of the term of the office or resignation from the office that is the basis for selection to be a Member, removal by the Agency that the Board Member represents or when the Agency represented by the Board Member ceases to be a Member of the Authority. Vacancies in the positions of Board Member shall be filled in the manner provided for regular appointment of such persons in these Bylaws.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be scheduled at least quarterly and in accordance with the Brown Act. The Board shall meet at the Authority's principal office or at such other place as may be designated by the Board of Directors. The time and place of the regular Board meetings shall be established by action of the Board taken from time to time. Such action shall be taken at least 30 days before the first regular meeting established by action. At least 15 days prior to the first meeting established by action of the Board, a copy of such action shall be provided in accordance with the Brown Act to each Board Member, and each Agency, and provided in accordance with the Brown Act to each interested member of the public or representative of the media who has requested, in writing, written notice of Authority meetings, and posted at the Authority office in a location that is freely accessible to members of the public.

(a) Notice. Before each regular meeting, the Secretary shall prepare a written agenda in accordance with the Brown Act. A copy of the agenda shall also be provided in accordance with the Brown Act to each Board Member, and each Agency, and provided in accordance with the Brown Act to each interested member of the public or representative of the media who has requested in writing written notice of meetings, at least ten (10) days before the regular meeting.

(b) Quorum. At any meeting, the presence in person by at least a majority of Board Members shall constitute a quorum for the transaction of business. A majority of all of the Members of the Board shall be required to approve any resolution or motion, unless a different voting requirement to approve a particular action is specified under laws of the State of California, in the JPA Agreement or elsewhere in these Bylaws.

Section 5. Special Meetings. Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute or the Agreement creating the Authority may be called at any time by the President or by the Vice President in the absence or disability of the President, or by three (3) Members of the Board and shall be held in accordance with the Brown Act.

Section 6. Quorum. At any meeting, the presence in person by at least a majority of Board Members shall constitute a quorum for the transaction of business. A majority of all of the Board Members shall be required to approve any resolution or motion, unless a different voting requirement to approve a particular action is specified under laws of the State of California, in the Agreement creating the Authority or elsewhere in these Bylaws.

Section 7. Record of Vote. Except where action is taken by the unanimous vote of all Board Members present and voting, the ayes, noes and abstentions taken upon the passage of all resolutions, motions or other action shall be entered upon the minutes.

Section 8. Adjourned Meetings. Any Board of Directors meeting, whether or not a quorum is present, may be adjourned from time to time by (a) the loss of a quorum, (b) the vote of a majority of the Board Members present, or (c) by declaration of the President, or by the Vice President in the absence or disability of the President, that the meeting is adjourned when the agenda has been completed and there is no further business to come before the Board.

Section 9. Authority to Act on Matters Not on the Agenda. The Board of Directors shall take no action on any item not appearing on the posted agenda, except under the following conditions: (a) upon a determination by a two-thirds vote of the Board, or, if less than two-thirds of the Board Members are present, a unanimous vote of those Board Members present, that the need to take action arose subsequent to the agenda being posted, except with respect to amending or restating these Bylaws; or (b) the item was posted for a prior meeting of the Board occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

Section 10. Oral Information Reports. Any Board Member may make an oral report for the purpose of informing the Board of any matter of interest to the Authority. The Board may also call upon the Secretary, staff, consultants or legal counsel for oral informational reports on matters not on the agenda. Unless the Board makes the determination required under Article IV Section 9 of these Bylaws, there shall be no action on matters covered in such oral reports.

Section 11. Public Forum. Every agenda for a regular meeting shall provide an opportunity for members of the public to directly address the Board on items of interests that are within the subject matter jurisdiction of the Board and which do not appear on the agenda. The Board may discuss, but not take action, on any matter raised during the public forum, unless the Board first makes the determination set forth in Article IV Section 9 of the Bylaws. It is the general policy of the Board to refer complaints to the Secretary for resolution. If the complaint cannot be resolved, the Secretary will place it on a meeting agenda for consideration by the Board. In order to facilitate public participation during the public forum session of the meeting, the Board may limit the total amount of time allocated for public comment on a particular issue, and may limit the time allocated for public comment of an individual speaker.

Section 12. Closed Sessions. A closed session may be held on any subject authorized under provisions of the Brown Act. Subject to the Brown Act, the agenda for a regular or special meeting may include the following standard language: "A closed session may be held at the discretion of the Board of Directors on any subject matter authorized under the Brown Act, including but not limited to pending litigation, property acquisition negotiations, the appointment, employment, evaluation of performance, or dismissal of an Authority employee, or the hear complaints of charges brought against an employee." The Board shall not keep minutes of its closed session.

ARTICLE V—STANDING COMMITTEES

Section 1. There shall be established the following Standing Committees: Health Benefits Program Committee, the Ancillary Benefits Program Committee, and the Finance and Audit Committee appointed

by the Board of Directors. These Committees shall meet from time to time as directed by the Board, and shall make recommendations to the Board based upon the expertise of its Members.

(a) Health Benefits Program Committee. The Health Benefits Program Committee shall be chaired by a member of the Board of Directors and composed of seven committee members appointed by the Board President and ratified by the Board of Directors.

(1) **Composition.** The Health Benefits Program Committee shall be composed of at least three Members from the Northern Region, three Members from the Southern Region. Each Region must have at least one Member with less than twenty employees participating in HBA Health Benefits Program and one Member with more than twenty employees participating in HBA Health Benefits Program.

(2) **Duties.** The Health Benefits Program Committee shall advise the Board of Directors regarding the implementation, maintenance, renewals and administration of the HBA Health Plans. It will monitor the Health Benefits Program policies established for participation in the Health Benefits Program including eligibility, underwriting, and other participation criteria. It will make recommendations to the Board of Directors, as requested by the Board.

(b) Ancillary Benefits Program Committee. The Ancillary Benefits Program Committee shall be chaired by a member of the Board of Directors and composed of seven committee members appointed by the Board President and ratified by the Board of Directors.

(1) **Composition.** The Ancillary Benefits Committee shall be composed of at least three Members from the Northern Region, three Members from the Southern Region. Each region must have at least one Member with less than twenty employees participating in HBA Ancillary Benefits Programs and one Member with more than twenty employees participating in HBA Ancillary Benefits Programs.

(2) **Duties.** The Ancillary Benefits Program Committee shall advise the Board of Directors regarding the implementation, maintenance, renewals and administration of the following HBA Ancillary Programs: Group term life and AD&D; Employee Assistance Plan; Dental and Vision plans; and, Long Term and Short Term Disability plans. It will monitor the implementation and maintenance of these plans, and when asked, provide recommendations to the Board of Directors regarding plan administration.

(c) The Finance and Audit Committee. The Finance and Audit Committee shall be composed of seven (7) members, each of whom shall have professional or practical experience in finance. The committee will be chaired by a member of the Board of Directors. The committee members will be appointed by the Board President, ratified by the Board of Directors and the Board of Directors shall specify the duties delegated to this Committee. These shall include, but not be limited to, reviewing and advising the Board of Directors on issues such as the annual budget, annual audit, investment and reserve policies.

Section 2. Vacancies. The President of the Board of Directors shall appoint committee members to fill seats made vacant on these Committees for any reason including resignation, removal, expiration of terms of office in their respective Agencies or for any other cause consistent with the Authority's Bylaws. These appointments will be ratified by the Board of Directors

Section 3. Meetings. The Board of Directors shall direct each Committee to meet as needed for the proper administration of the Authority.

Section 4. Term of Office. Committee Members shall serve at the will of the Board of Directors for terms consistent with the needs of the Authority and as long as the Agency they represent remains a Member of the Authority.

ARTICLE VI—OFFICERS OF THE AUTHORITY

Section 1. Officers.

- (a) President.** The Board of Directors shall elect a President of the Authority for four year terms. In the event the President so elected ceases to be a Member of the Board, the resulting vacancy in the office of President shall be filled at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the President to act, the Vice President shall act as President. The President, or in his or her absence the Vice President, shall preside at and conduct all meetings of the Board, and shall chair the Board. The President shall be ex-officio a member of all the standing committees.
- (b) Vice President.** The Board of Directors shall elect a Vice President of the Authority for four year terms. In the event the Vice President so elected ceases to be a Member of the Board, the resulting vacancy in the office of Vice President shall be filled at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the President to act, the Vice President shall act as President, and when so acting shall have all the powers of and be subject to all the restrictions of the President.
- (c) Executive Director/Secretary.** The Executive Director/Secretary shall have the general administrative responsibility for the activities of the Authority and shall hire or cause to be hired necessary employees thereof, subject to prior authorization of each position by the Board, and shall be responsible for all minutes, notices and records of the Authority and shall perform such other duties as may be assigned by the Board of Directors. This person shall be selected by, and serve at the will of, the Board of Directors.
- (d) Treasurer.** The Treasurer shall be appointed by the Board of Directors. The duties of the Treasurer shall be as set forth in Articles 14 and 15 of the Joint Powers Agreement.
- (e) Other Officers.** The Board of Directors shall have the power to appoint such other officers as may be necessary to carry out the purposes of this Agreement.

Section 2. Removal and Resignation.

- (a) Removal.** Any officer may be removed from their officer position, without cause, by the Board of Directors at any regular or special meeting thereof by a two-thirds vote of the Members of the Board.
- (b) Resignation.** Any officer or Board Member may resign at any time by giving written notice to the President or Executive Director/Secretary of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VII—MISCELLANEOUS

Section 1. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payment to the Authority, shall be signed and endorsed by the Treasurer and a Board Member, or by such other person or persons and in such manner as from time to time shall be determined by the Board of Directors.

Section 2. Contracts. All contracts of the Authority may be executed by the President or the Vice President of the Authority or a designee appointed by the Board of Directors.

Section 3. Rules of Procedure for Meetings. Notwithstanding any provision of these Bylaws to the contrary, all meetings of the Board of Directors including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Brown Act, and in accordance with Roberts Rules of Order.

Section 4. Inspection of Authority Records. The accounting books and records, the list of Member's designated Representatives, and minutes of proceedings of the Board of Directors and Membership meetings and all other committees of the Authority shall be open to the inspection of any Member at any reasonable time. Such inspection 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.

Section 5. Construction. If there is any inconsistency between a provision of these Bylaws and a provision of the Agreement creating the Authority, the provision of the Agreement shall govern.

Section 6. Fiscal Year. Unless and until changed by resolution of the Board of Directors, the fiscal year of the Authority shall be the period from January 1 of each year to and including the following December 31.

ARTICLE VIII—AMENDMENTS

Amendments to these Bylaws, other than amendments changing the authorized number of Members of the Board of Directors, may be adopted by the Board of Directors. Any amendment adopted by the Board of Directors shall be on the agenda of the next meeting of the Membership for ratification or may be ratified by the Membership through the mailed voting process.

