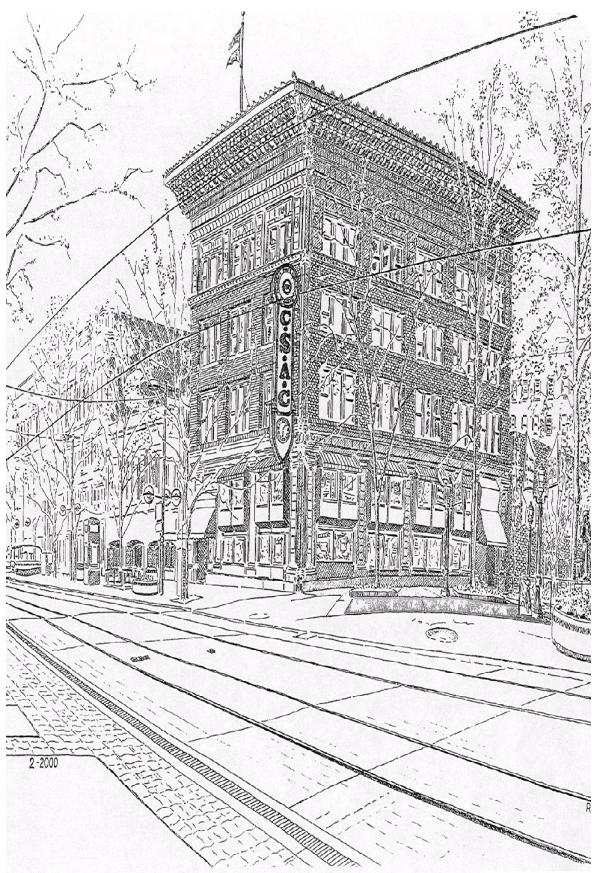


CSAC POLICIES and PROCEDURES MANUAL

UPDATED DECEMBER 4, 2025



California State
Association of Counties



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I. ABOUT THE CALIFORNIA STATE ASSOCIATION OF COUNTIES

A. LEADING THE CALIFORNIA COUNTY ENTERPRISE

In 1991, the County Supervisors Association of California (CSAC) reorganized to better represent all the interests of California Counties.

The significance of the change was reflected in the change to the organization's new name: THE CALIFORNIA STATE ASSOCIATION OF COUNTIES. While the CSAC acronym remained, the new name encompassed all the county family.

The reorganization reflected changes in the make-up of California, whose citizenry increasingly turned to leaders and administrators of local government for answers and solutions to their problems.

This CSAC policy and procedures manual provides information on the governing structure and decision-making process for CSAC, the statewide association representing all of California's 58 counties.

B. NAME

The name of the organization is the CALIFORNIA STATE ASSOCIATION OF COUNTIES (CSAC).

C. CSAC VISION, MISSION & VALUES

1. Vision

CSAC serves as the effective advocate and unified voice of California's 58 counties.

2. Mission

To serve California counties by developing and equipping county leaders to better serve their communities; effectively advocating and partnering with state and federal governments for appropriate policies, laws, and funding; and communicating the value of the critical work being accomplished by county government.

3. Values

CSAC shall adhere to the highest professional standards of conduct relying on its character, integrity, ability, and strength. To this end, CSAC subscribes equally to the following values and principles:

- a. **County Focused** – We will be county-focused, and our policies will be member-driven.
- b. **Integrity** – We will be consistently honest and fair.
- c. **Teamwork** – We recognize that we can accomplish more working together, so we will support each other and strive to work as a team.
- d. **Adaptability** – We are committed to proactively and effectively adapting to new situations and environments.
- e. **Respect** – We genuinely value those who are different from ourselves and will respect a diversity of viewpoints, backgrounds, cultures, and lifestyles.
- f. **Continuous Improvement** – We are committed to personal development, and we will all take deliberate steps to improve every day.
- g. **Accountability** – We will hold one another accountable and work tirelessly to accomplish our goals and fulfill our mission while upholding the values we share.

II. MEMBERSHIP

A. MEMBERSHIP CATEGORIES

CSAC membership includes all leaders at the local county government level, both elected and administrative. There are two categories of CSAC membership:

- Regular Members
- Affiliate Members

B. REGULAR MEMBERS

Regular members of CSAC comprise the leadership at the local county government level throughout California. To be eligible for regular membership, an individual must be an elected county supervisor or elected mayor of a California county.

Membership for new members must be initiated by a county board of supervisors, by county payment of annual dues.

C. AFFILIATE MEMBERS

(Amended by the CSAC Board of Directors on September 5, 2013)

Affiliate members represent a host of elected and appointed county administrative leaders who, through independent associations or organizations, represent the needs of various county service-delivery personnel. Affiliate members play a significant role in statewide policy development and implementation, often through their own associations, and through their membership of appropriate CSAC Policy Committees.

All members are encouraged to carry the CSAC logo on their letterhead, and to provide advice to the CSAC Board of Directors through their active participation in the Policy Committees.

When advocating on a statewide level, affiliate members should be careful to support the policy decisions and legislative positions taken by the CSAC Board of Directors. In particular, affiliate members must not publicly advocate a position contrary to an established position of the CSAC Executive Committee or Board of Directors. Should an affiliate member knowingly take a public position that contradicts the elected county supervisors' position on a matter of statewide importance, the

Chief Executive Officer shall have the authority to temporarily suspend that affiliate member's status as an affiliate and may notify the Legislature and Administration as necessary to clarify that the association is not affiliated with CSAC and does not speak for the elected supervisors. Subsequently, the former affiliate member may seek to be readmitted as an affiliate member in good standing by applying to the Executive Committee and making an explanation of the circumstances.

Affiliate members are generally recognized through action by the CSAC Executive Committee or Board of Directors. Prospective affiliate members must submit a written request for affiliate status to the CSAC Chief Executive Officer. CSAC may request additional supporting materials, including but not limited to organization membership rosters, bylaws and policy platforms. This policy should not be interpreted to require that affiliate members obtain approval from CSAC staff or the CSAC Board of Directors of positions they take on administrative, legislative, regulatory and budget issues as long as those positions are not in conflict with the positions established by the Board of Directors.

D. CAUCUSES

Three caucuses have been designated: Urban, Suburban and Rural. Caucus membership is determined as set forth in Article 5 of the CSAC Constitution. Each caucus will elect a caucus chair. Each caucus shall meet to organize their particular caucus. To the extent desired, each caucus can assess themselves to hire staff, fund projects and establish a presence within the administration of CSAC. One CSAC staff member will be assigned as a coordinator for each caucus. Each caucus may develop and adopt its own

policy positions. However, their policies will not become CSAC policy unless adopted by the CSAC Board of Directors. Votes taken in the caucuses will be by a one-county, one-vote rule of those present and voting.

Time will be scheduled for caucuses to meet at the CSAC Annual Meeting and the spring Legislative Conference, and on an as-needed basis via video or conference call.

III. CSAC LEADERSHIP

A. LEADERSHIP STRUCTURE

CSAC is governed and managed by a leadership model that promotes participation in the organization by all of California's 58 counties. CSAC leaders are found at a number of levels within the organization.

- Officers
- Executive Committee
- Board of Directors

In addition there are other leadership roles:

- Caucus Chairs
- Policy Committee Chairs
- Other leadership roles as needed

B. CSAC OFFICERS AND OTHER OFFICIALS

CSAC Officers include the President, First Vice President, and Second Vice President elected by the general membership; and the immediate Past-President. Other officials include the Treasurer and the Secretary, who is the Chief Executive Officer of the Association.

C. EXECUTIVE COMMITTEE

The Executive Committee, which serves at the discretion of the Board, includes up to fifteen (15) members:

- The President
- The First Vice President
- The Second Vice President
- The Immediate Past President
- Six (6) Directors representing the Urban Caucus, including one from Los Angeles County
- Three (3) Directors representing the Suburban Caucus
- Two (2) Directors representing the Rural Caucus

Each caucus may elect one (1) alternate to the Executive Committee.

One representative of the California Association of County Executives and one representative of the County Counsels' Association of California shall serve as advisors to the Executive Committee.

Each year, a County Supervisor is nominated by the President to serve as Treasurer for the association. That appointment is ratified by the Executive Committee. The role of the Treasurer is intended to provide more involved Executive Committee oversight of the association budget and other financial reports.

D. BOARD OF DIRECTORS

The Board of Directors is composed of up to sixty-two (62) members: one designated supervisor member from each California member county, plus the President, Immediate Past President, First Vice President, and Second Vice President of CSAC.

Each county Board of Supervisors may designate additional county supervisors from their board as alternate CSAC board members for purposes of voting in the absence of the designated board member.

Caucus chairs, Policy Committee chairs and representatives from affiliate groups may serve as ex officio, non-voting associates of the Board of Directors. One representative each from the following entities may serve as advisors to the Board of Directors: California Association of County Executives (CACE), the County Counsels' Association of California, and CSAC Corporate Associates Program.

Except as provided in Paragraph V(E), a simple majority of members present and voting following the establishment of a quorum for board meetings is required to pass action items, except (1) A two-thirds affirmative vote of all board members is required to amend the CSAC Constitution; (2) Adoption of a position on a ballot proposition (oppose or support) requires the affirmative vote of at least fifty percent plus one of the member counties; and (3) CSAC's financial involvement in issue campaigns requires approval by a two-thirds vote of the membership of the Board.

E. CAUCUSES AND CAUCUS CHAIRS

Caucus Chairs, elected by the respective caucuses, represent the Urban, Suburban and Rural Caucuses of CSAC respectively.

Caucuses can develop and adopt their own policy positions, but the Board of Directors must approve caucus policy prior to it becoming CSAC policy. Individual county resolutions may flow through the caucuses to the appropriate Policy Committees for recommendation to the Executive Committee and Board of Directors.

F. POLICY COMMITTEE CHAIRS

Policy Committee Chairs are nominated by the President and confirmed by the Executive Committee, and are responsible for policy development in the following areas:

- Administration of Justice
- Agriculture, Environment and Natural Resources
- Government Finance and Administration
- Health and Human Services
- Housing, Land Use and Transportation

IV. ELECTIONS

A. RULES AND PROCEDURES FOR THE ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE

B. NOMINATION PROCESS FOR CSAC OFFICERS

Positions for CSAC Officers are to be filled by their respective caucuses.

Nominees must be county supervisors from the appropriate caucus. More than one candidate may be nominated and nominations may be made from the floor at the General Assembly.

Officers first come in as Second Vice-President and move up through the ranks each year upon the vote of their caucus. Election of the Second Vice-President rotates through the various caucuses in the order of Rural, Urban, and Suburban. For future calculation purposes, under the established rotation of Officers, Officers selected for 2024-25 were as follows:

President:

Rural

First Vice President:	Urban
Second Vice President:	Suburban

C. NOMINATION PROCESS FOR EXECUTIVE COMMITTEE MEMBERS

Nominees must be members of the CSAC Board of Directors representing counties included within the caucus.

A caucus may nominate as many candidates for their Executive Committee positions as desired, but only the following number will be elected:

Urban Caucus:	6
Suburban Caucus:	3
Rural Caucus:	2

In addition, each caucus may nominate one alternate member. See appendix.

A caucus may nominate more than one candidate for a CSAC office and also nominate one or more of those candidates for a position on the Executive Committee.

The election of the CSAC Officers will take place prior to the election of the Executive Committee members by the Board of Directors. If a candidate is elected to a CSAC office, and is also a candidate for the Executive Committee, the caucus chair need only withdraw that candidate's name at the meeting of the Board of Directors.

D. ELECTION OF OFFICERS

The election of Officers will take place at the General Assembly during CSAC's Annual Meeting.

The caucus chairs or designated representatives will present their nominations to the Presiding Officer who will then call for nominations from the floor. Any county supervisor may nominate, but the nominee must come from the appropriate caucus.

A quorum of one-third of the Association membership must be present to elect. Presence for purposes of establishing a quorum for election of Officers is based on registration at the Annual Meeting.

Voting for uncontested offices may be by hand or by voice vote, or by secret ballot at the ruling of the President. Voting for contested offices must be by secret ballot. Election to office requires the majority vote of members present and voting. If no nominee receives a majority vote, the two nominees receiving the greatest number of votes shall participate in a runoff election.

E. ELECTION OF EXECUTIVE COMMITTEE MEMBERS

The Board of Directors will meet at CSAC's Annual Meeting, following the General Assembly, to elect the Executive Committee. Only elected Directors or alternates may sit on the Board at this meeting. The Board quorum requirement is forty percent of the members of the Board of Directors.

Voting: The President will place the nominees from each caucus before the Board for election. Election requires the majority vote of the Board members present. If a nominee fails to receive a majority vote on the first ballot, the two nominees receiving the greatest number of votes will participate in a runoff.

V. VOTING

A. GENERAL VOTING REQUIREMENTS

The Board of Directors is the final authority for any matter requiring a vote, except as provided in the Constitution relative to Executive Committee and general membership powers. In order to ensure as broad participation as possible, members may participate in all meetings remotely. Remote participation by phone counts toward constituting a quorum and for meeting any voting threshold standards. Members may vote remotely.

Matters requiring votes can take four forms:

- Consensus
- Voice votes
- Roll call votes
- Weighted votes

B. ALTERNATES

The Executive Committee allows three (3) alternates, one from each caucus. Alternates may participate in meetings in addition to all other members and may participate in consensus votes. They may only participate in roll call votes if they are replacing an absent member from their caucus.

For Board of Director meetings, each Board of Supervisors will notify CSAC of a voting alternate for their county who can only be another supervisor from that board. Alternates must be designated by a minute order or letter from the Chairman of the Board of Supervisors from the county. Board alternates may participate in meetings in addition to all other members and may participate in consensus votes. They may only participate in voice, roll call, or weighted votes if they are replacing the absent board of director member from their county. Officers do not have alternates.

C. CONSENSUS, VOICE, ROLL CALL VOTES

Task Forces, Policy Committees, the Executive Committee, the Board of Directors and caucuses may all employ consensus, voice, and roll call votes. (Each caucus has its own voting procedure for electing its Executive Committee representatives. See Appendix).

D. CAUCUSES

Each caucus may develop and adopt its own policy positions. However, their policies will not become CSAC policy unless adopted by the CSAC Board of Directors. Votes taken in the caucuses will be by a one-county, one-vote rule, and shall conform with paragraph V(A) unless caucus rules provide otherwise.

E. WEIGHTED VOTES

Notwithstanding Paragraph III(A), weighted votes can be requested by any Board member, with a required second from another Board member.

Weighted voting can only be employed by the Board of Directors (not by the Executive Committee, Policy Committees, or task forces).

Weighted vote will be a roll call vote. Weighted votes must be cast in whole by the voting county and may not be split. A simple majority of the weighted votes of members present and voting is required for passage of an action item except: (1) amendments to the CSAC Constitution require two-thirds of the weighted votes of all Board members; (2) CSAC's financial involvement in issue campaigns requires approval by a two-thirds of the weighted votes of the Board members; and (3) adoption of a position on a state ballot proposition by the Board requires both a majority of the weighted votes of members present and a minimum of fifty percent plus one of the member counties must cast votes (regardless of weight).

- Weighted votes are based on a CSAC dues structure formula with a ceiling and floor. Votes per county under the formula range from one (1) vote for the lowest dues bracket to fourteen (14)

for the highest dues bracket. (See “Weighted Voting System Schedule of Votes Per County” in Appendix)

The Executive Committee may review the distribution of weighted votes among members and the dues brackets, and recommend changes to the Board of Directors, following the Decennial Census of the U.S. Census Bureau. (See “Weighted Voting System Schedule of Votes Per County in Appendix.)

VI. DEVELOPING CSAC POLICY AND POLICY COMMITTEES

A. OPERATING PROCEDURES FOR POLICY COMMITTEES

(Amended by the CSAC Board of Directors on September 5, 2013)

These guidelines define the role and operational procedures for all the CSAC Policy Committees.

1. ROLE

Policy Committees provide a smaller, focused, and more frequent setting for discussion and potential recommendations on matters of importance to California counties. Policy Committees are charged with reviewing the County Platform that guides CSAC policy positioning on issues and legislation and recommending amendments; reviewing legislation and ballot propositions, as needed; and serving as a forum for discussing issues within the policy arena, often helping clarify CSAC positions on legislation in the interim between Executive Committee and/or Board of Director meetings. Any changes to the platform and to existing policy through action of the Policy committee, however, must be forwarded to the Executive Committee and then to the Board of Directors for action at their next meeting(s).

2. COMPOSITION

There are five Policy Committees within the California State Association of Counties as currently established by the Executive Committee:

- Administration of Justice
- Agriculture, Environment and Natural Resources
- Government Finance and Administration
- Health and Human Services
- Housing, Land Use and Transportation

Each Policy Committee may have a number of subcommittees and/or task forces that are responsible for policy development and recommendations to the full committee. The number and type of subcommittees vary according to the specific needs of each Policy Committee.

3. NUMBER OF MEETINGS

Each Policy Committee meets at least two times per year at the CSAC Legislative Conference and at the Annual Meeting, but may meet more often, at the call of the chair, as circumstances and issues may dictate.

4. POLICY COMMITTEE CHAIR

Committee chairs and vice chairs are appointed annually by the CSAC President following the Annual Meeting in November and ratified by the Executive Committee. Although geographic distribution should play a role in the appointments, other factors such as policy area expertise, political expertise, leadership abilities, commitment to work, and ability to testify should be given weight in the selection. Committee chairs and/or vice chairs, accompanied by CSAC staff, make their reports and recommendations in person to the CSAC Executive Committee and the CSAC Board of Directors at their meetings held throughout the year.

5. POLICY COMMITTEE MEMBERSHIP

Since Policy Committees form the foundation for the CSAC policy development process, which guides CSAC staff action, active participation by county supervisors is key to a strong and effective statewide association. Committee chairs and vice chairs are responsible for encouraging county supervisors to become members who are knowledgeable in the specific policy area and who will actively participate in policy development and lobbying. CSAC encourages each county to assign supervisors from their county to serve on each of the five Policy Committees. This is a practice that has proven effective at expanding participation in CSAC policy setting by those counties who use it.

Committee membership is open to all board of supervisors members. Supervisors may serve on more than one Policy Committee. New supervisors are encouraged to participate.

6. AFFILIATE GROUP REPRESENTATION

The role of affiliate groups is to advise and recommend. Except as provided in Paragraph 9 below, each affiliate group shall have one voting representative on each appropriate Policy Committee and that representative shall speak for the interests of his/her group. Affiliate groups have a vote on Policy Committees, subcommittees and task forces as outlined in the Policy Committee Voting Procedure (below). Affiliate groups are also actively involved with CSAC staff in the technical aspects of policy development, interpretation and implementation.

7. CALIFORNIA ASSOCIATION OF COUNTY EXECUTIVES (CACE)

The CACE shall have one voting representative on each Policy Committee as outlined in the Policy Committee Voting Procedure (below).

8. CORPORATE ASSOCIATES PROGRAM

The Corporate Associates Program was created to foster a closer working relationship between business and local government. This program provides opportunities for private sector companies to join with public officials on topics of mutual interest. The Corporate Partners may have one non-voting liaison to each Policy Committee.

9. POLICY COMMITTEE VOTING PROCEDURE

Each member of a Policy Committee (supervisor, county administrator and affiliate group representative) shall have one vote on all Policy Committee actions. However, if a supervisor member of a Policy Committee requests a roll call vote on any action before the Policy Committee, only supervisor members of the Policy Committee shall vote on that action. Only one vote per county is allowed on a roll call vote.

10. CSAC LEGISLATIVE PLATFORM

Every two years, at the start of a new two-year legislative session, prior to the CSAC Annual Meeting, Policy Committees will review the Legislative Platform in their policy area and, if necessary, prepare a written report of suggested changes which is reviewed by the Policy Committee at the CSAC Annual Meeting or a special meeting. In addition, any board of supervisors member may submit through the Policy Committee suggested changes to the platform in writing, not later than two weeks prior to the CSAC Annual Meeting, so that they may be reviewed by the Policy Committee at the Annual Meeting.

The committee shall review all suggested changes to the platform at the Annual Meeting corresponding to the two-year State legislative session and make recommendations in writing to the CSAC Board of Directors empowering the Board of Directors to make policy changes. The Legislative Platform is intended to guide CSAC legislative efforts during the term of a legislative session. However, the platform is a living document and may be amended by the Board of Directors by actions taken in response to immediate policy issues.

11. TASK FORCES

In the case of special issues, a Policy Committee chair may request the CSAC President to appoint task forces or special purpose committees to make recommendations on policy. In such cases, the President acting on recommendations from a particular policy chair may create such a committee with a timeframe for the sunset of the committee established at the time of task force creation.

B. CSAC POLICY DECISION PROCESS

The diverse interests and constituencies of CSAC's members require a formal process for the consideration of policies that will carry the support or opposition of the organization. Policy proposals may generate from several sources:

- 1) The CSAC President may appoint a task force, which may recommend a proposed policy to a Policy Committee.
- 2) A caucus, county, or regional association may recommend a proposed policy to a Policy Committee.
- 3) A member county supervisor, or CSAC staff may recommend a proposed policy to the Policy Committee.

Such recommendations for policy shall be considered resolutions. In the case of options (1) and (2) the Policy Committee shall consider the proposed policy and shall make a recommendation on the proposed policy to the Executive Committee, which may decide whether to forward a recommendation to the Board of Directors for final action. In the case of option (3), the Policy Committee is not required to take action or make a recommendation and may choose to not forward the item. If it does recommend a change in policy through support or opposition, however, it must be forwarded upward to take effect. If the proposed policy receives an affirmative vote of the Board of Directors, as defined in the constitution, it becomes CSAC policy.

An exception to the policy development procedure described above would exist where a Policy Committee convenes during the course of a meeting in which the Board of Directors also meets. Under those circumstances, the action of a Policy Committee may be referred directly to the Board of Directors for its consideration, without the recommendation of the Executive Committee.

C. STATE BALLOT PROPOSITION POLICY

CSAC Officers will assign qualified propositions to appropriate Policy Committees. Propositions will be assigned when, in the assessment of the Officers, the propositions fall within existing policy in the CSAC Legislative Platform, or when the proposition poses a direct impact on county government.

Staff recommendations on propositions will be presented to the Officers and to Policy Committees based upon existing CSAC Legislative Platform principles, or in the absence of clear existing policy based upon direct impact, if any, to county government.

Propositions should be reviewed by Policy Committees, and recommendations presented to the Executive Committee by the policy chair, or staff on behalf of the policy chair. Propositions placed on the Executive Committee agenda for debate and action should be limited to those which are recommended by the Policy Committee for "support" or "opposition." Propositions for which no action is recommended by a Policy Committee will be provided to the Executive Committee on an informational basis. No discussion will be required on these items. Policy Committee recommendations shall be the first motion made. No substitute motion can be made until the committee recommendation has been voted upon.

Executive Committee members may participate in the discussion and vote by phone.

After voting, the Executive Committee forwards its recommendation to the Board of Directors for action.

Propositions placed on the Board of Directors agenda for debate and action should be limited to those which are recommended by the Executive Committee for “support” or “opposition.” Propositions for which no action is recommended by the Executive Committee will be provided to the Board of Directors on an informational basis. No discussion will be required on these items. The Executive Committee recommendations shall be the first motion made. No substitute motion can be made until the Executive Committee recommendation has been voted upon.

Any member of the Board of Directors can request consideration of a ballot proposition not otherwise slated for discussion. However, such request must first receive a favorable vote by the Board before discussion can proceed. Proponents and opponents may be invited to speak at the Board of Directors meeting for a maximum of five minutes each.

Adoption of a position on a ballot proposition (support or oppose) will require at least fifty percent plus one of the member counties. In the case of a call for weighted voting, for purposes of a quorum and for voting, at least fifty percent plus one of the member counties must be present. There will only be one vote per county on ballot propositions. Members may participate and vote by phone.

In most circumstances, policy consideration will be given only to qualified propositions. In the event that a proposed ballot measure has a direct impact on county government and staff recommends early consideration of such a measure, the CSAC Officers may direct a Policy Committee to review and make a recommendation on the proposed measure. The Policy Committee recommendation will then be forwarded to the Executive Committee for discussion. The CSAC Board of Directors will then consider the recommendation of the Executive Committee. Understanding that the circumstances under which such action may take place are unique and infrequent, the CSAC Officers will guide CSAC’s activities on such measures and the Executive Committee and Board of Directors will receive regular updates on CSAC involvement. This procedure will permit CSAC to engage in a proactive role in the development of initiatives and response to initiatives under consideration.

Every effort should be made for the Board of Directors to make the final decision on a ballot proposition. There may be rare circumstances where there is not enough time for a Board meeting before an election. In this case, the decision of the Executive Committee will serve as CSAC’s position on the proposition.

D. FINANCIAL INVOLVEMENT IN ISSUE CAMPAIGNS

(Adopted by the CSAC Board of Directors on December 3, 2008)

Recognizing that there is an increasing trend toward resolving public policy issues at the ballot in California, CSAC is prepared to participate financially in campaigns for or against those measures that have a direct impact on counties’ authority, function, or fiscal health. Staff recommendations for such participation will be presented to CSAC Officers, who may then direct staff to bring the issue to the Executive Committee. The Executive Committee will evaluate the issue and make a recommendation for action to the Board of Directors based on existing CSAC Legislative Platform principles, or in the absence of clear existing policy, based upon direct impact, if any, to county government. Staff may also recommend options for financial participation in a campaign, such as the formation of a political action committee (PAC) for purposes of fundraising for such activities or other means of financial participation.

If the Board of Directors, with a two-thirds vote of the membership approving, approves financial participation for purposes of financially supporting or opposing a given issue, staff will establish a financial participation plan for approval. CSAC will abide by all state laws governing political reporting and use of funds and will rely upon legal counsel opinion and analysis to ensure that funds are identified and segregated in accordance with such laws and regulations. At no time will public funds be utilized in any manner in support of an issue campaign. CSAC shall segregate and account for public and private funds, accordingly, ensuring that at no time will public funds be utilized for campaign-related activities,

including overhead and other administrative costs. If the formation of a PAC is approved, the PAC will function to support CSAC activities related to the specific issue and may be discontinued upon resolution of the issue by a majority vote of the Board of Directors.

VII. ADMINISTRATIVE POLICIES & PROCEDURES

A. DUES STRUCTURE POLICY

(Adopted by the CSAC Board of Directors on November 21, 2002)

Effective FY 2002-2003, CSAC adjusted dues upward according to the following general principles and formula.

1. GENERAL PRINCIPLES

Population is the most equitable statistic to use in developing a dues formula, since all county general purpose revenue allocations are primarily based on population.

Dues are calculated based on county population data from the most recent U.S. Census.

Dues calculations will take into consideration population adjustments in both the overall county and within the unincorporated areas.

1. Any new formula will need to be phased in if significant changes to present dues occur.
2. A dues cap will continue to be utilized so no county carries the majority of the dues burden.
3. There may be a need for an annual adjustment to the dues schedule (separate from this dues equity adjustment necessitated by the Census population growth) that takes into account potential increases in operations.

2. FORMULA

- a. Dues are calculated based on averaging the increase/decrease in overall county population during the 1990s with the increase/decrease in a county's unincorporated population during that same period.
- b. In adjusting dues based on Census data, no county will have its dues increased by more than 14% -- the amount of California's population growth in the 1990s.
- c. No county will pay more than 12% of the overall dues collected by the association.
- d. The dues structure will be phased in over a five-year period to minimize impact to county budgets.
- e. There shall be a 3% annual increase each year.

B. APPOINTMENTS TO THE CSAC FINANCE CORPORATION

1. As of September 19, 2014, the CSAC Executive Committee is tasked with appointing members of the CSAC Finance Corporation Board of Directors. The CSAC Finance Corporation Board of Directors is comprised of three county supervisors (each representing an urban, suburban, and rural county); two county administrative officers; one treasurer-tax collector or chief financial officer; one auditor-controller or chief financial officer; one city, special district, COG or retired county employee; two public members; and the CSAC Chief Executive Officer. Members of the Board of Directors (with the exception of the CSAC Chief Executive Officer) serve staggered three-year terms. The Executive Committee may select any qualified candidate, but in exercising its

discretion should consider and give strong preference to candidates who demonstrate the following: (1) excellent character, leadership skills and commitment to work on behalf of California's counties; (2) experience as a Finance Corporation Board member, including history of active participation, contribution to the success of the Finance Corporation programs and a desire to continue to serve; (3) the benefits associated with California's diversity, including geographic area, county population, professional and personal experience; and (4) the potential to advance and grow the Finance Corporation in the future through creativity, innovation and thought-leadership .

2. The CSAC Officers shall conduct interviews of candidates and make a recommendation to the Executive Committee.
3. The CSAC Executive Committee shall make appointments annually by a majority vote. The CSAC Executive Committee will accept nominations from its members or from the CSAC Finance Corporation Board. The Executive Committee may either reappoint an existing Finance Corporation Board member to serve an additional term or appoint a new individual to serve. The CSAC Finance Corporation will notify the CSAC Executive Committee if a seat becomes vacant before its term is completed. Any such vacancy in the CSAC Finance Corporation Board of Directors shall be filled by a majority vote of the CSAC Executive Committee and the director selected to fill such vacancy shall hold office for the balance of the unexpired term of the vacant seat, and until his or her successor has been appointed.

C. ANNUAL MEETING SITE SELECTION POLICY

The "Annual Meeting" is the marquee event for the California State Association of Counties. The location of this meeting, in terms of both geography and venue, is critical to the overall success of the meeting.

The CSAC Annual Meeting will alternate between Northern and Southern California. Whenever feasible, CSAC will utilize as many counties as possible over a period of time to celebrate our members' diversity and uniqueness.

Eligible counties and locations must meet specific criteria, including:

1. CSAC Meeting Purposes and Objectives

Nearby hotel facility or facilities must have approximately 500 sleeping rooms available for up to four nights.

The conference facility must be within short walking distance of hotels.

The conference facility must be able to house the vast majority of CSAC and affiliate meetings (e.g. 50,000 sf of meeting space). Overflow meeting space must be available at a close-by facility.

The conference facility must have the ability to house an Exhibit Hall of approximately 120 booth spaces.

2. CSAC Budget Requirements

Meeting facility costs (including conference space, meals and hotels) must fit within CSAC budget requirements in order to ensure that registration fees are kept reasonable.

3. CSAC Member Preferences

Locations should be chosen based on the preference of a county to host the conference.

It is strongly desired that the “host county” play an active role in the planning, implementation and ultimate success of the Annual Meeting.

4. Process

To allow for adequate planning, CSAC will book its Annual Meetings four (4) years in advance. Each year, a new recommendation will come before the Executive Committee and Board of Directors for consideration.

CSAC Staff will research potential counties and venues for Annual Meetings. An analysis and recommendations on sites will be brought to the Executive Committee and Board of Directors for review and final decision.

D. CSAC STAFF CONTRIBUTION POLICY

(Adopted by the CSAC Board of Directors on September 5, 2013)

CSAC staff has the right to voluntarily contribute their time or money to any political campaign. However, in order to avoid the appearance that such contributions are compulsory, county supervisors shall not directly solicit contributions from CSAC staff for all elections. Mass mailing or e-mail solicitations are not considered direct solicitations.

E. CSAC FINANCIAL POLICIES

1. CSAC shall implement financial policies to strengthen the fiscal stability of the association through the establishment of operative and capital reserves and to ensure the strongest return on association resources through the establishment of a procurement policy, investment policy, and other policies as needed.
2. Operating Reserve and Capital Improvement Program reserves serve to strengthen the fiscal stability of the association, provide resources to fund unanticipated expenses or priorities, as well as plan for appropriate management of its capital assets.
3. The Investment Policy guides the management of financial accounts, particularly with respect to the appropriate investment of operating and reserving funds to best protect and grow association revenues. Refer to the Appendix for the complete CSAC Investment Policy.
4. The Procurement Policy provides for the most cost-effective service-delivery model through the competitive procurement of goods and services.
5. In any fiscal year ending with a fund balance, funds shall be allocated in the following priority order:
 - a. Funds required to meet the required 6-month operating reserve.
 - b. Up to \$250,000 of additional fund balance shall be allocated to the Capital Improvement Program.
 - c. Additional contributions to the operating reserve and/or capital improvement program.
 - d. Other association priorities as determined by the Chief Executive Officer, in consultation with the Treasurer.

F. CSAC OPERATING RESERVE POLICY

1. The purpose of this policy is to establish an operating reserve for the California State Association of Counties (CSAC) to ensure long-term fiscal stability of the association.

2. CSAC shall maintain an operating reserve of six months of the annual operating budget, less expenditures for the Litigation Program and other restricted expenditures.
 - a. The six-month operating reserve shall be met or exceeded unless there is a significant change in revenues or expenditures or an identified association priority on the use of funds as determined by the Chief Executive Officer, in consultation with the CSAC Treasurer.
 - b. To address significant changes to revenues or expenditures, or to meet association priorities, the Chief Executive Officer may utilize reserve funds, in consultation with the CSAC Treasurer.
 - c. To the extent the operating reserve falls below the six-month target, funds should be replenished to meet the target within three years.

3. The operating reserve policy shall be reviewed periodically to ensure it continues to meet association priorities.

G. CSAC CAPITAL IMPROVEMENT PROGRAM

1. The Capital Improvement Program shall be established for CSAC to plan for and manage the association's capital assets.
2. CSAC shall establish a Capital Improvement Program as a sub-account of Association Reserves.
 - a. The capital improvement program shall receive up to \$250,000 in available fund balance each year. The contribution shall be met or exceeded unless there is a significant change in revenues or expenditures or an identified association priority on the use of funds as determined by the Chief Executive Officer, in consultation with the Treasurer.
 - b. To plan for or address significant capital improvement needs, the Chief Executive Officer may utilize reserve funds, in consultation with the Treasurer.
 - c. Capital Improvement funds shall be used for the following purposes:
 - i. Large, anticipated capital projects required to extend the life of the association's assets such as replacing the roof or the boiler.
 - ii. Unanticipated capital projects exceeding \$5,000 not otherwise funded by the budget.
 - iii. Other association priorities as determined by the Chief Executive Officer, in consultation with the CSAC Treasurer.

3. The capital improvement program reserve policy shall be reviewed periodically to ensure it continues to meet association priorities.

H. INVESTMENT POLICY

It is the policy of the California State Association of Counties that investments may be made in any instruments or securities that are considered eligible investments for California counties.

Investments outside the bank of record for the California State Association of Counties require prior approval from the Corporation's Treasurer.

I. PROCUREMENT POLICY

CSAC shall procure goods and services in a manner that most effectively allows for the management of the costs of the goods and services required to meet the association's needs. Goods and services

exceeding \$50,000 annually shall be competitively bid every three years with proposals solicited from at least three firms whenever practical.

Proposals will be evaluated based on a combination of factors that result in the best value to the association, including but not limited to:

- a. Understanding of the work required by the Association.
- b. Quality and responsiveness of the proposal.
- c. Demonstrated competence and professional qualifications necessary for satisfactory performance of the work required by the Association.
- d. Recent experience in successfully performing similar services.
- e. References, background, and related experience of the specific individuals to be assigned to the work.
- f. Proposed compensation.

To ensure stability and continuity of the Association, competitive bidding may be waived for specialized goods and services only to the extent the time, cost, or particular service market would make it impractical or would disrupt the priorities of the Association. Multi-year contracts exceeding three years are permissible to the extent that doing so results in a substantial cost or service benefit to the Association.

J. TRAVEL AND EXPENSE POLICY FOR CSAC OFFICERS AND NACo REPRESENTATIVES

The CSAC Officers, National Association of Counties (NACo) Board of Directors and Western Interstate Region (WIR) Board of Director representatives shall receive full reimbursement for travel, registration and meals in the course of all CSAC and NACo business.

Overall expenditures are to be kept to a moderate level. It is understood that CSAC's association business will at times include the purchase of alcoholic beverages. CSAC volunteer leaders shall use good judgment and keep these purchases at reasonable levels.

K. ANNUAL MEETING EXPENSE POLICY FOR CSAC OFFICERS

CSAC Officers receive complimentary conference registration to the Annual Meeting and to any other CSAC meeting they attend. They also receive one complimentary Annual Banquet ticket, if needed, for a guest to accompany him/her to the banquet.

CSAC Officers receive a complimentary one-bedroom suite for the duration of the meeting (Monday or Tuesday through Friday). The suite will have complimentary wine/beer/soft drinks. If any additional items are needed, CSAC's CEO or designee is authorized to approve all requests. The suite is billed to the CSAC Master Account. Any personal charges such as room service, phone calls, laundry, etc. are not reimbursable by CSAC and are the responsibility of the Officer.

Transportation charges incurred are reimbursed by CSAC.

L. PAST PRESIDENTS' COUNCIL

All former CSAC Presidents are eligible to participate in the CSAC Past Presidents' Council, which is chaired by the Immediate Past President. The Council meets twice yearly, in conjunction with CSAC's Legislative and Annual conferences. Past Presidents receive complimentary registration to both conferences.

Past Presidents are a valuable leadership resource and may assist with various CSAC activities such as advocacy, identifying and recruiting other county supervisors to serve on CSAC committees, and

Challenge Award judging. In addition, the Council annually selects an individual who has made a significant contribution to the state or his or her community to be recognized with a Lifetime Achievement Award. This award is presented during CSAC's Annual Meeting.

M. CIRCLE OF SERVICE AWARD POLICY

1. DEFINITION OF AWARD

The Circle of Service Award is presented to provide recognition to county officials, employees and other CSAC members whose service to the county family, CSAC membership and CSAC goals is substantially above and beyond the norm. Examples include Policy Committee chairs, task force members, affiliate presidents, special legislative advocacy efforts, Corporate Partnership members, and department officials whose service to CSAC or another county, not their own, sets them apart.

2. AWARD RECIPIENT SELECTION

Recommendations are made annually to the CSAC Executive Committee, which then determines who should receive the CSAC Circle of Service Award. There is no specific number of awards presented annually.

3. PRESENTATION OF AWARD

Circle of Service recipients are recognized and presented with their awards either at a Board of Supervisors meeting in the recipient county, during the CSAC Annual Meeting, or at a CSAC Board of Directors meeting.

N. DISTINGUISHED SERVICE AWARD POLICY

1. DEFINITION OF AWARD

The Distinguished Service Award is presented to the person or persons who have made the greatest contribution to the improvement of government in California, particularly as it related to county government.

Examples include Constitutional Officers, Legislators, senior administration staff, and county officials.

2. AWARD RECIPIENT SELECTION

Recommendations are made annually to the CSAC Executive Committee, which then determines who should receive the CSAC Distinguished Service Award. There is no specific number of awards presented annually.

3. PRESENTATION OF AWARD

Distinguished Service recipients are recognized and presented with their awards during the CSAC Annual Meeting.

O. CODE OF CONDUCT POLICY

1. EXPECTATIONS OF CSAC LEADERSHIP

To achieve CSAC's values and principles, which are set forth in Paragraph I(C)(3) of this policy, CSAC members engaged in CSAC activities are expected to treat staff and each other with mutual respect, maintain an organization that is free from unlawful discrimination and harassment, be civil and fair, and ensure their public conduct is consistent with CSAC values and principles.

Harassment and discrimination are against the law, and CSAC strongly disapproves and will not tolerate unlawful harassment or discrimination by its leadership. Conduct that may violate this policy includes

verbal, physical, and visual contact that creates an intimidating, offensive or hostile environment at CSAC meetings, conferences or other events.

The Board of Directors may discipline a CSAC member engaged in CSAC activities who commits a violation determined to be serious misconduct pursuant to this Code of Conduct Policy.

P. CONFLICT OF INTEREST POLICY

1. PURPOSE

The CSAC is a California nonprofit mutual benefit corporation. Members of the Board of Directors (“Board Members”) of CSAC are subject to certain legal obligations in the performance of the duties of their position. For this reason, CSAC is establishing this Conflict of Interest Policy for its Board Members.

CSAC Board Members are required to exercise good faith in all transactions involving their duties, and they are subject to certain obligations not to use their position, or knowledge gained through their position, for their personal benefit. In their dealings with CSAC, Board Members should be mindful of potential conflict of interests.

2. STANDARD OF CARE

In determining potential conflicts of interest, the following standard of care shall be applicable:

- a. Board Members shall perform their duties in good faith, in a manner they believe to be in the best interest of CSAC, with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under the circumstances.
- b. Board Members are required in their capacity as members of a Board of Supervisors to receive training on ethics and conflicts of interest that satisfies the requirements of AB 1234. Board Members shall perform their duties in a manner consistent with the principles addressed in this training.
- c. Board Members are entitled to rely on the information, opinions, reports or statements (including financial statements and other financial data) prepared or presented by Officers or employees of CSAC, independent accountants, and other experts who provide professional services to CSAC, provided that Board Members believe such individuals are reliable and competent, and that the matters on which they present are within their professional or expert competence. Board Members may also rely on the information, opinions, reports or statements of any committee of the Board of Directors with respect to matters within that committee's designated authority if Board Members believe the committee merits their confidence. Board Members are entitled to rely on the information, opinions, reports or statements of any person, firm, or committee if, after reasonable inquiry when the need therefore is indicated by the circumstances, they have no knowledge that would cause such reliance to be unwarranted.

3. CONFLICTS AND DISCLOSURE

- a. Board Members are necessarily involved in the affairs of other institutions and organizations. Effective boards and organizations will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interest. Although many such potential conflicts are and will be deemed inconsequential, every Board Member has the responsibility to ensure the entire Board of Directors is made aware of situations that involve personal, family, or business relationships that could create a real or perceived conflict of interest. Every Board Member is also a member of a Board of Supervisors for a County in the State of California, and their counties pay dues to support CSAC. Decisions by Board Members related to setting dues for CSAC membership is deemed not to be a conflict of interest. Board Members are required annually to be familiar with the terms of this policy, and to

acknowledge by his or her signature that he or she is acting in accordance with the letter and spirit of this policy.

- b. Board Members are required to make a full disclosure to the Board of Directors of all material facts regarding any possible conflict of interest, to describe the transaction, and to disclose the details of their interest. CSAC shall, as appropriate, seek the opinion of legal counsel and such other authorities as may be required, before entering into any such transaction. Before approving a transaction in which a Board Member may have a conflict of interest, the Board of Directors will attempt, in good faith and after reasonable investigation under the circumstances, to determine that:
 - i. CSAC is entering into the transaction for its own benefit.
 - ii. The transaction is fair and reasonable to CSAC at the time CSAC entered into the transaction.
 - iii. The Board of Directors has knowledge of the material facts concerning the transaction and the director's or officer's interest in the transaction.
 - iv. CSAC cannot obtain a more advantageous arrangement with reasonable effort under the circumstances.

The Board of Directors must then approve the transaction by a vote of a majority of the Board of Directors then in office, without counting the vote of any director who may have a conflict of interest due to the transaction under consideration.

APPENDIX

CSAC RURAL CAUCUS POLICY FOR SELECTING EXECUTIVE COMMITTEE MEMBERS AND NOMINATING OFFICERS

The CSAC Executive Committee is comprised of two regular members, one alternate, and one or two officers (depending on the officer rotation) from the Rural Caucus. County Supervisors must be a member of the CSAC Board of Directors as designated there to serve on the Executive Committee.

METHOD OF SELECTION

Authority for the conduct of the caucus rests with each caucus. Each rural county receives one vote for Rural caucus elections. The following policy was adopted by the Rural Caucus.

1. A supervisor nominated by the Rural Caucus to be a member of the Executive Committee is nominated for a term of two years, except the alternate, who is nominated for a term of one year. This two-year limitation is not applicable to Officers. The terms will be staggered.
2. The position is rotated through the sub-sections. A sub-section whose representative is a CSAC President, Vice President, or Second Vice President shall have no other members on the Executive Committee, except for the alternate, who may be from any sub-section. However,

when a CSAC officer is nominated from the same sub-group as a member who has only served one year, that member may serve a second year.

3. Elections to nominate CSAC Officers and elect Executive Committee members shall be by secret ballot. When there is no opposition, a voice vote shall replace the secret ballot.
4. The option to vote by phone shall be available to any representative who has registered for the CSAC event at which the Caucus meeting is being held. Any phone votes shall be witnessed by at least two CSAC staff members.
5. After the ballots are counted by CSAC staff, the Caucus chair shall certify the totals and announce the result. The chair shall make the ballots available for examination upon request.
6. Rural counties are divided into three sub-sections:

<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
Colusa	Glenn	Alpine
Del Norte	Lassen	Amador
El Dorado	Modoc	Calaveras
Humboldt	Plumas	Inyo
Lake	Shasta	Kings
Mendocino	Sierra	Madera
Nevada	Siskiyou	Mariposa
Sutter	Tehama	Mono
Yuba	Trinity	San Benito
		Tuolumne

CSAC SUBURBAN CAUCUS POLICY FOR SELECTING EXECUTIVE COMMITTEE MEMBERS AND NOMINATING OFFICERS

The CSAC Executive Committee is comprised of three regular members, one alternate, and one or two Officers (depending on the officer rotation) from the Suburban Caucus. County Supervisors must be a member of the CSAC Board of Directors as designated there to serve on the Executive Committee.

METHOD OF SELECTION

Authority for the conduct of the caucus rests with each caucus. The Suburban Caucus adopted a policy in March of 2006 that attempts to provide representation from areas throughout the state while allowing adequate flexibility to accommodate individuals particularly well-qualified to serve regardless of geographic considerations.

Counties within the Suburban Caucus counties are divided into three groups, and one member is selected from each group. The officer and alternate members may be selected from any suburban county. Executive Committee nominees shall consist of one member from each group. The officer and alternate shall be selected from any suburban county in the state.

A member may serve a term of three consecutive years. This three-year limitation is not applicable to those persons serving in an officer capacity. The terms will be staggered by group. Alternates are elected each year.

TERM OF OFFICE

A member may serve three consecutive years. This three-year limitation is not applicable to those persons serving in an officer capacity. The terms will be staggered by group. Alternates are elected each year.

Note: If a seated member is no longer able to serve on the Committee, a replacement from that group would be elected to serve for the remainder of that group's term.

MEMBERSHIP AND COUNTY GROUPINGS (16)

<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>
Butte	Imperial	Marin
Napa	Kern	Monterey
Placer	Merced	San Luis Obispo
Solano	Stanislaus	Santa Barbara
Yolo	Tulare	Santa Cruz
		Sonoma

URBAN CAUCUS POLICY FOR SELECTION OF EXECUTIVE COMMITTEE MEMBERS

The CSAC Executive Committee is comprised of six regular members, one alternate, and one or two Officers (depending on the officer rotation) from the Urban Caucus. County Supervisors must be a member of the CSAC Board of Directors as designated there to serve on the Executive Committee.

METHOD OF SELECTION

Authority for the conduct of the caucus rests with each caucus. Each county receives one vote for caucus elections. In past years there has been an informal rotation among the urban counties, whereby a county is on for two years and off one year. Los Angeles County maintains a permanent seat on the Executive Committee. However, the following rule was adopted in 1993 by unanimous vote of the Urban Caucus: "The primary criterion for recommendation to the Executive Committee shall be the willingness to participate and attend the meetings of the Committee. The rotation schedule shall be used as a secondary method for selection if more counties are interested in appointment than seats available.

Membership (14)

Alameda, Contra Costa, Fresno, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, Ventura

Adopted by CSAC Board of Directors April 18, 1991 and amended November 30, 2000, November 29, 2001, and September 5, 2013.

WEIGHTED VOTING SYSTEM SCHEDULE OF VOTES PER COUNTY

Dues Bracket	Countv	No. of Votes
1	Los Angeles	14
2	Orange	13
2	San Diego	13
3	Santa Clara	12
3	Alameda	12
3	Sacramento	12
3	San Bernardino	12
3	San Francisco	12
4	Riverside	11
4	Kern	11
4	Contra Costa	11
4	San Mateo	11
5	Ventura	10
5	Fresno	10
6	San Joaquin	9
6	Sonoma	9
6	Santa Barbara	9
7	Monterey	8
7	San Luis Obispo	8
7	Marin	8
7	Tulare	8
7	Stanislaus	8
7	Solano	8
8	Santa Cruz	7
8	Placer	7
8	Merced	7
9	El Dorado	6
9	Shasta	6
9	Napa	6

Dues Bracket	Countv	No. of Votes
9	Butte	6
9	Kings	6
9	Humboldt	6
9	Yolo	6
9	Mendocino	6
9	Imperial	6
10	Nevada	5
10	Madera	5
10	Lake	5
11	Tuolumne	4
10	Sutter	5
11	Siskiyou	4
11	Yuba	4
11	Tehama	4
11	Amador	4
12	Inyo	3
11	Calaveras	4
11	Plumas	4
12	Glenn	3
12	Mono	3
12	San Benito	3
11	Mariposa	4
12	Colusa	3
13	Lassen	2
13	Del Norte	2
13	Trinity	2
14	Modoc	1
14	Sierra	1
14	Alpine	1

California State Association of Counties

Investment Policy

December 4, 2025

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I. Introduction

The purpose of this investment policy is to guide a prudent and systematic investment program designed to ensure California State Association of Counties (CSAC) objectives of safety, liquidity and return through a diversified investment portfolio. This policy also serves to organize and formalize CSAC's investment-related activities.

This investment policy was endorsed and adopted by CSAC's Governing Body and is effective as of the 4th day of December 2025 and replaces any previous versions.

II. Scope

This policy covers all funds and investment activities under the direct authority of CSAC, with the following exceptions:

- Proceeds of debt issuance shall be invested in accordance with CSAC's general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.
- CalPERS, OPEB trusts, and the investment of employees' deferred compensation funds if applicable.

Pooling of Funds

Except for cash in certain restricted and special funds, CSAC will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies regarding investment pricing, safekeeping and administration while ensuring sufficient liquidity for financial management of CSAC and contracted affiliate operations. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. CSAC's portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security type or individual financial institutions.

III. Objectives

CSAC's overall investment program shall be designed and managed with a degree of professionalism worthy of the public trust. The overriding objectives of the program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market-rate of return.

- **Safety.** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- **Liquidity.** The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- **Return.** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

IV. Delegation of Authority

The Chief Executive Officer (CEO) is responsible for the management of CSAC funds, including the administration of this investment policy.

CSAC may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of CSAC's investment portfolio in a manner consistent with CSAC's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

CSAC's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. CSAC recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of CSAC. The COO and other authorized persons responsible for managing CSAC funds acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

V. Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Thus, employees and officials involved in the investment process shall refrain from personal business activity that create a conflict of interest or the appearance of a conflict with proper execution of the investment program or impairs their ability to make impartial investment decisions. Employees and investment officials shall disclose to the CEO any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of CSAC.

VI. Internal Controls

The COO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Annually, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

VII. Authorized Financial Institutions, Depositories, and Broker/Dealers

CSAC's COO will determine which financial institutions are authorized to provide investment services to CSAC and may also utilize a competitive process in the determination, to the extent practical. It shall be CSAC's policy to purchase securities only from authorized institutions and firms.

The COO shall maintain procedures for the establishing of a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence determined by CSAC. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

Institutions eligible to transact investment business with CSAC include:

- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of CSAC, except where CSAC utilizes an external investment adviser in which case CSAC may rely on the adviser for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the COO with a statement certifying that the institution has reviewed CSAC's investment policy.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

External Investment Advisers

Selection of broker/dealers used by an external investment adviser retained by CSAC will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, the investment adviser shall make their best efforts to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

VIII. Collateralization

Certificates of Deposit (CDs). CSAC shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Repurchase Agreements. CSAC requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- CSAC shall receive monthly statements of collateral.

IX. Delivery, Safekeeping and Custody

Delivery-versus-Payment (DVP). Settlement of all investment transactions will be completed using standard delivery-vs.-payment procedures.

Safekeeping and Custody. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in CSAC's portfolio shall be held in safekeeping in CSAC's name by a third party custodian, acting as agent for CSAC under the terms of a custody agreement executed by the bank and CSAC. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by CSAC from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable. Term and non-negotiable instruments, such as Certificates of Deposit, can be held by the COO, or in safekeeping as the COO deems appropriate.

X. Authorized Investments

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

1. **Municipal Securities** include obligations of CSAC, the State of California, any of the other 49 states, and any local agency within the State of California, provided that:
 - The securities are rated "A" or higher by at least one nationally recognized statistical rating organization.
 - The maximum maturity does not exceed five years.

2. **U.S. Treasuries** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that CSAC may invest in U.S. Treasuries, provided that:
 - The maximum maturity does not exceed five years.
3. **Federal Agencies** or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that CSAC may invest in Federal Agency or Government- Sponsored Enterprises (GSEs), provided that:
 - No more than 30% of the portfolio may be invested in any Agency/GSE issuer. The maximum maturity does not exceed five years.
4. **Banker's Acceptances**, provided that:
 - They are issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one nationally recognized statistical-rating organization; or long-term debt obligations which are rated "A" or higher by at least one nationally recognized statistical rating organization.
 - The maximum maturity does not exceed 180 days.
5. **Federally Insured Time Deposits** (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - The amount per institution is limited to the maximum covered under federal insurance.
 - The maximum maturity does not exceed five years.
6. **Collateralized Time Deposits** (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:
 - The maximum maturity does not exceed five years.
7. **Certificate of Deposit Placement** Service (CDARS)
 - The maximum maturity does not exceed five years.
8. **Negotiable Certificates of Deposit** (NCDs), provided that:
 - The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
 - For any amount above the FDIC insured limit they must be issued by institutions which have short-term debt obligations are rated "A-1" or higher by at least one nationally recognized statistical rating organization; or long- term obligations are rated "A" or higher by at least one nationally recognized statistical rating organization.
 - The maximum maturity does not exceed five years.
9. **Repurchase Agreements** collateralized with securities authorized under by California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that CSAC may invest, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to CSAC's custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between CSAC and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- The maximum maturity does not exceed one year.

10. **Commercial Paper**, provided that:

- The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.
- The securities are rated "A-1" or higher by at least one nationally recognized statistical rating organization.
- They are issued by corporations which have long-term obligations are rated "A" or higher by at least one nationally recognized statistical rating organization.
- The maximum maturity does not exceed 270 days.

11. **Local Government Investment Pools (LGIPs)**: Shares of beneficial interest issues by a joint powers authority (JPA) provided that:

- The JPA is organized pursuant to California Government Code Section 6509.7 and invests in securities and obligations authorized in subdivisions (a) to (r), inclusive.
- Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.
- The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 5.601, subdivisions (a) to (q).

12. **Corporate Medium-Term Notes (MTNs)**, provided that:

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated "A" or higher by at least one nationally recognized statistical rating organization.
- The maximum maturity does not exceed five years.

13. **Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations**, provided that:

- The securities are rated "AA" or higher by a nationally recognized statistical rating organization.
- The maximum maturity does not exceed 5 years.

14. **Mutual Funds and Money Market Mutual Funds** that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- a) Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:

1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.

b) Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:

1. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds.

15. Supranationals provided that:

- Issues are unsubordinated obligations issued by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated "AA" or higher by a nationally recognized statistical rating organization.
- The maximum maturity does not exceed 5 years.

XI Term of Investments

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

CSAC will not invest in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the unless the Governing Board has by resolution granted authority to make such an investment.

XII Diversification

CSAC shall diversify its investment to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets and CSAC's anticipated cash flow needs.

XIII Prohibited Investment Vehicles and Practices

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.

- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.

Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Under a provision sunsetting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.

- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.

XIV Risk Management and Diversification

Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. CSAC will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- CSAC may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or return of the portfolio in response to market conditions or CSAC’s risk preferences.
- If securities owned by CSAC are downgraded by a nationally recognized statistical ratings organization to a level below the quality required by this investment policy, it will be CSAC’s policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - If a security is downgraded, the COO will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
 - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported quarterly to the Governing Body.

Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. CSAC recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. CSAC will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

CSAC further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. CSAC, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- CSAC will maintain a minimum of six months of budgeted operating expenditures (less budgeted expenditures for insurance purchased) in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy.
- The duration of the portfolio will at all times be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by CSAC based on CSAC's investment objectives, constraints and risk tolerances.

XV Review of Investment Portfolio

The COO shall periodically review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Governing Body.

XVI Performance Evaluation

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account CSAC's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

XVII Review of Investment Policy

This investment policy will be reviewed periodically to ensure consistency with the overall objectives of preservation of principal, liquidity and return, and relevance to current law and financial and economic trends. Modifications or amendments shall be presented by Staff to the Governing Body for their consideration and adoption.



California State Association of Counties

2025 Organizational Structure

