

BYLAWS

CALIFORNIA CANNABIS AUTHORITY

A JOINT POWERS AUTHORITY



EFFECTIVE MARCH 22, 2018

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PREAMBLE

THESE BYLAWS are adopted and effective March 22, 2018 and shall govern the operation and conduct of the business and affairs of the California Cannabis Authority (the “Authority” or “CCA”) pursuant to the Joint Exercise of Powers Agreement of the California Cannabis Authority (the “Agreement”). The CCA is an agency voluntarily established by its Members for the purpose of providing the Members a mechanism to exercise common powers and through which coordinate, and to the extent authorized, administer, Member and Participant duties and obligations in respect to the licensure, enforcement, and taxation of the cultivation, manufacture, retail sale, transportation, storage, delivery, and testing of cannabis and cannabis related activities within their respective jurisdictions.

ARTICLE I – DEFINITIONS

The terms “Agreement”, “Authority”, “Members”, “Participants”, “CCA Data Server”, and “Public Agency”, as used in these Bylaws are defined in the Agreement and those definitions are all incorporated herein by reference.

ARTICLE II – THE AUTHORITY

Section 1 - Name of Authority.

The name of the Authority created by the Agreement shall be the California Cannabis Authority (the "Authority" or “CCA”).

Section 2 – Purpose.

The purpose of the Authority is:

- (a) to facilitate the collection, analysis, and exchange of data relating to cannabis business activities in order to support the regulatory and tax collection efforts of Members and Participants;
- (b) to coordinate regulatory and tax administrative practices for cannabis activities among Members and Participants;
- (c) to facilitate compliance by those subject to the regulatory and tax requirements of Members and Participants;

Section 3 - Office of Authority.

The principle office of the Authority shall be at such location as the Board of Directors may designate by resolution.

ARTICLE III - MEMBERSHIP

Section 1 – Members.

Members shall include Initial Members and each Public Agency that becomes a Member pursuant to Section 4 of Article I of the Agreement. Members shall only include Counties, or a City and County, which are legal subdivisions of the State of California. Initial Members shall mean

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those Counties constituting the first signatories of the CCA, identified by Schedule A attached to the Agreement.

Section 2 – Addition of Members

A County may become a Member by adopting a resolution authorizing and approving the execution and delivery by such Member of the Agreement as amended, signing a counterpart of the Agreement, and furnishing CCA with an official copy of the authorizing resolution as well as the signed counterpart of the Agreement.

Should any conforming changes to their ordinances be necessary to implement or otherwise comply with the terms of the Agreement, the County’s resolution authorizing and approving the execution of the Agreement should express the County’s commitment to executing those revisions.

Section 3 – Withdrawal.

A Member may withdraw from the Agreement upon written notice to the Secretary of the Board. The Secretary of the Board shall forward a copy of such written notice of withdrawal to the Treasurer and the remaining Board members. Any such withdrawal shall be effective only upon receipt of the written notice of withdrawal by the Secretary of the Board who shall acknowledge receipt of such notice of withdrawal in writing to such withdrawing Member and shall file such notice as an amendment to the Agreement effective upon such filing. The withdrawal of any Member from the Agreement shall not affect the Agreement or the Members’ obligations in regard to the Agreement.

ARTICLE IV – PARTICIPANTS.

A Public Agency that is not eligible to be a Member, may join CCA as a Participant. A Participant may be an agency of the State or a department or agency of a county, or city and county, whether or not the county, or city and county, is a Member, who duly executes and delivers to the CCA a Participant Agreement. A Participant shall not be entitled to representation on the Board of Directors or to vote on any matter coming before the Board of Directors.

A Participant shall be entitled to serve as a member of the Participants Advisory Council, which shall meet periodically as directed by the President

ARTICLE V - BOARD OF DIRECTORS

Section 1 – Membership.

The Authority shall be governed by a Board of Directors. Pursuant to Article II of the Agreement, each Member shall be entitled to participate and be represented by a designated representative on the Board of Directors. If a Member elects to exercise its right to representation on the Board of Directors, it shall promptly notify the Authority in writing of the names of the Board member and any alternates who have been selected to represent the Member, and subsequently of any successors to them. The Member shall also comply with any other procedures which may be established by resolution of the Board of Directors to identify and authenticate Member representatives. All designated Board members and alternates shall comply with the provisions of California law which require certain public officials to file Statements of Economic Interests. Any

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Member which is not then exercising its right to participate on the Board of Directors may change its status at any time by written notice to the Authority of that decision, by designation of its representative Board member and any alternates and by compliance with any other procedures established by the Board of Directors.

Section 2 - Powers.

The powers of the Board shall be as set forth in Section 2 of Article II of the Agreement.

Section 3 – Meeting.

(a) Regular Meetings. Regular meetings of the Board shall be held in winter and summer of each year at a time and place to be set by the Board. The agenda for each regular meeting of the Board shall be posted at the principal office of the Authority and mailed to each Member at least seven (7) days in advance of the meeting.

(b) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. The agenda for each special meeting of the Board shall be posted at the principal office of the Authority and mailed to each Member at least seven (7) days in advance of the meeting. Notice of the time and place of any special meeting shall be given to each Member by any of the following: (a) personal delivery of written notice; or (b) first class mail, postage prepaid; or (c) telephone, including voicemail; or (d) facsimile; or (e) electronic mail; or (f) other electronic means.

(c) Public Meeting. All meetings of the Board of Directors, including regular, adjourned, and special meetings shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code section 54956 *et seq.*).

(d) Quorum. The presence of a majority of the members of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of those members of the Board present. A smaller number may adjourn a meeting.

(e) Board Meetings by Telecommunication. Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment as may be authorized by and to the extent consistent with the Ralph M. Brown Act (California Government Code sections 5490 *et seq.*). Participation in a meeting under this section shall constitute presence in person at the meeting if both of the following apply: (1) each Board member participating in the meeting can communicate concurrently with all other members; and (2) each member of the Board is provided the means of participating in all matters before the Board, including the capacity to propose or interpose an objection to, a specific action to be taken by the Authority.

(f) Expenses. The members of the Board of Directors shall be reimbursed for all reasonable and necessary travel expenses when required and incurred in connection with attendance at a meeting of the Board of Directors or a committee thereof. Travel expenses shall include all charges for transportation, meals, and lodging, other than first-class airfare. The cost of travel by private automobile shall be at the Standard Mileage Rate set annually by the Internal Revenue Service, unless otherwise set by the Board of Directors.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.

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iii. Agenda Items.

iv. Adjournment

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(h) Sub-Committees. The Board of Directors may establish or dissolve committees or Ad Hoc committees to assist the Board in the performance of its duties as they deem appropriate. Standing Committees are advisory to the Board of Directors. The Board of Directors may delegate certain duties to the committees as it deems appropriate. Members of standing and ad hoc committees shall include at least two, but not more than four, voting members of the Board. All members of standing subcommittees must be voting members of the Board. Non-members of the Board may be nonvoting members of ad hoc subcommittees created by the Board. Meetings of all standing subcommittees and ad hoc subcommittees with non-members of the Board must be held in accordance with the rules established for the Board itself and in accordance with the Ralph M. Brown Act.

(i) Participant Advisory Council. The “Participant Advisory Council” shall be a standing committee of the Authority. The Council shall perform such duties as the Board may delegate to it from time to time, but generally to advise the Board in respect to the interests of Participants in the Authority. The Council shall consist of all Participants who elect to exercise their right to participate in the Council by promptly notifying the Authority in writing, including providing the names of the Council representative and any alternates who have been selected to represent the Participant, and subsequently any successors to them.

The Council shall meet on the call of the Secretary of the Authority who shall serve as liaison between the Council and the Board of Directors. A chairman of the Council shall be elected bi-annually among participating Participants to serve as the leader organizer of Council meetings and to keep the minutes of such meetings. Minutes of Council meetings shall be recorded, and upon approval shall be distributed to the Executive Committee and Board of Directors. Meetings of the Council shall be conducted in accordance with the Ralph M. Brown Act (California Government Code sections 5490 et seq.).

(j) Rule of Order. All rules of order not otherwise provided for shall be determined, to the extent practicable, in accordance with “Robert’s Rules of Order” provided, however, that no action of the Board shall be invalidated, or its legality otherwise affected by the failure or omission to observe or follow “Robert’s Rules of Order.”

ARTICLE III - OFFICERS

At the first meeting of the Board of Directors, and thereafter at the first meeting following January 1 of each even numbered year, the Board of Directors shall elect a President, a Secretary, and a Treasurer to serve for two-year terms or until a successor is elected. Officers shall be elected by vote of a majority of those voting.

Section 1 –President.

The President shall preside at and conduct all meetings of the Board of Directors and shall carry out the resolutions and orders of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. In his/her absence, the Secretary shall carry out the duties of the President.

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Section 2 –Secretary

The Secretary shall record the minutes of all meetings, prepare agendas, records and correspondence, attest documents requiring the execution by authorized representatives of the Authority, and fulfill such other duties normally required of the Secretary.

The Secretary shall serve as liaison between the Board of Directors and the Participant Advisory Council, shall call for and attend the Council’s meetings and be responsible for communications between the Council and the Board of Directors.

Section 3 –Treasurer

As set forth in Government Code section 6505, *et seq.*, in particular, section 6505.6, and Section 9 of Article III of the Agreement, the Treasurer shall possess the powers described in, and shall perform those functions required by: Government Code sections 6505, 6505.5 and 6505.6; all other applicable laws and regulations, including any subsequent amendments thereto, the Agreement, these Bylaws, and/or the direction of the Board of Directors.

(a) The Treasurer shall have custody of all Authority funds and shall provide for strict accountability thereof in accordance with Government Code section 6505.5 and other applicable laws other funding requirements.

(b) The Treasurer shall annually cause an independent audit to be made of the Authority by a certified public accountant, in accordance with Government Code sections 6505 and 6505.6, and shall present such audit to the Governing Board at one of its meetings and be available to answer any questions.

(c) The Treasurer may delegate disbursing authority to such persona as may be authorized by the Executive Committee to perform that function, subject to any limitations provided by law.

Section 4 - Vacancies

In the event the Member for whom the President, Secretary, or Treasurer has been appointed to represent ceases to be a Member, the resulting vacancy in office shall be filled at the next regular or specially called meeting of the Board of Directors after such vacancy occurs.

In the event an election of new officers is not held prior to the expiration of the terms of those current officers, the terms of those current officers shall extend automatically, and the current officers will continue to serve in their respective positions until an election of new officers is held.

ARTICLE III - EXECUTIVE COMMITTEE

Section 1 - Membership.

As set forth in Section 6 of Article III of the Agreement, the President, Secretary, and Treasurer of the Board shall serve as Executive Committee members during their tenure as such officers. In addition, two “at large” members of the Executive Committee shall be elected by a vote of the Board of Directors. The members of the Executive Committee shall be appointed as individuals and not merely as representatives of a specific Member Agency.

In the event that the Members number less than five (5), those Members shall serve as the Executive Committee.

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Section 2 - Term.

The terms of all members of the Executive Committee shall be two (2) years. A member may be reappointed to serve on the Executive Committee.

Section 3 - Powers, Duties and Responsibilities.

(a) The Executive Committee shall conduct, direct and supervise the day-to-day business of the Authority and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

- i. Provide general supervision and direction to the Executive Director.
- ii. Authorize payment of claims against the Authority.
- iii. Enter into contracts, within budget limits.
- iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.
- v. Review and recommend a budget to the Board no later than fifteen (15) days prior to a regularly scheduled meeting of the Board.
- vi. Act as Executive Director in the absence of the Executive Director.
- vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- viii. Appoint a nominating committee for each election of officers and members of the Executive Committee.

(c) Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Authority.

Section 4 - Meetings.

(a) Regular Meetings. Regular meetings of the Executive Committee shall be held at least once a year and at other times as the Executive Committee deems appropriate. The time and place of regular meetings shall be set by the Executive Committee, and the Board of Directors shall be notified of the meeting schedule. The agenda for each regular meeting of the Executive Committee shall be posted at the principal office of the Authority and mailed to each Executive Committee member (including any alternate, if applicable) at least seven (7) days in advance of the meeting.

(b) Special Meetings. Special meetings of the Executive Board may be called by the President or a majority of Executive Committee members, in accordance with the provisions of California Government Code Section 54956. The agenda for each special meeting of the Committee shall be posted at the principal office of the Authority and mailed to each Executive Committee member so as to be received by each member at least two (2) days in advance of the meeting.

(e) Meetings by Telecommunication. Any Executive Committee meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this section shall constitute presence in person at the meeting if

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both of the following apply: (1) each Executive Committee member participating in the meeting can communicate concurrently with all other members; and (2) each member of the Executive Committee is provided the means of participating in all matters before the Executive Committee, including the capacity to propose or interpose an objection to, a specific action to be taken by the Authority.

(c) Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law.

(d) Quorum. Three (3) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present. A smaller number may adjourn a meeting.

(e) Action by the Executive Committee. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(f) Removal. A member may be removed from the Executive Committee in the following ways:

i. Death of the Committee member.

ii. Voluntary resignation.

iii. Absence from three (3) consecutive meetings without a valid reason, in which case the President may recommend to the Executive Committee that member be terminated from Executive Committee membership. If the Executive Committee recommends to the Board of Directors that an Executive Committee member be terminated, the Board of Directors shall vote on the matter at its next regularly scheduled meeting. Removal of an Executive Committee member shall require an affirmative vote of not less than two-thirds (2/3) of those Board members present.

ARTICLE IV – NOTICES

Whenever Members are required or permitted to take any action at a meeting, written notice of the meeting shall be given to each Member entitled to vote at that meeting. The notice shall specify the place, date and hour of the meeting and the means of electronic transmission by and to the Authority or electronic video screen communication, if any, by which Members may participate in the meeting. For a meeting of the Board of Directors, the notice shall state the matters that the Board intends to present for action by the Members. or a special meeting the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which officers are to be elected shall include the names of all persons who are nominees when notice is given.

Notice Requirements. Written notice of any meeting shall be given either personally, by first class registered or certified mail at the address of that member agency's principal office, or by electronic transmission, addressed to each Member entitled to vote.

Electronic Notice. Notice given by electronic transmission by the Authority shall be valid if delivered by either (a) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that Member on record with the Authority; (b) posting on an electronic message board or network that the Authority has designated for such communications, together with a separate notice to each member agency of the posting; or (c) any other means of electronic communication. Such electronic communication must be directed to a recipient Member agency which has provided an unrevoked consent to the use of electronic transmission for such

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communications; and which electronic communication creates a record that is capable of retention, retrieval and review by the Authority.

All such electronic communications shall include a written statement to the recipient member agency that such agency has the right to have the notice provided in non-electronic form and the recipient member agency may withdraw its consent to receive electronic communications in the place of written communications by providing written notice to the Authority of such withdrawal of consent.

Notice shall not be given by electronic transmission by the Authority if the Authority is unable to deliver two (2) consecutive notices to the member agency by that means, or otherwise becomes aware of the fact that the member agency cannot receive electronic communications.

ARTICLE IV - EXECUTIVE DIRECTOR

The powers and duties of the Executive Director, which may be modified by action of the Executive Committee, are:

(a) Subject to the authority of and as directed by the Executive Committee, to serve as chief administrative officer of the Authority and administer the affairs of the Authority in compliance with all applicable federal, state and local laws, statutes, codes, regulations and rules.

(b) Except as to what may be reserved to the Executive Committee, to hire, direct, discharge and remove all employees of the Authority and to retain and discharge consultants and to prescribe the duties and fix the compensation thereof.

(c) Annually to prepare and present a proposed budget for the Authority, to the Executive Committee and, after the approval of the Executive Committee, to the Board of Directors for its approval and, after approval by the Board of Directors, to maintain the expenditures of the Authority within the approved budget, as may be amended from time to time by the Board of Directors.

(d) Annually to prepare a proposed work plan for the Authority that is consistent with the proposed annual budget and the currently effective strategic plan; to submit the proposed work plan to the Executive Committee for its review, discussion, evaluation and possible adoption; and to implement the work plan adopted by the Board of Directors.

(e) To bring all pertinent issues to the attention of the Executive Committee, establish agendas for the Executive Committee and the Board of Directors meetings, and prepare and present reports and recommendations to the Executive Committee and the Board of Directors;

(f) To ensure that consultants under contract to the Authority procure insurance policies that provide adequate protection to the Authority and that such policies are in accord with any policy limits and policy coverage requirements directed by the Board of Directors.

(g) To perform such additional duties as the Board of Directors, the Executive Committee, these Bylaws, the Agreement or applicable law may require.

(h) To attend meetings of the Board of Directors and the Executive Committee.

(i) To serve as Custodian of Records of the Authority.

ARTICLE V - OTHER OFFICERS AND EMPLOYEES

General Counsel. The Governing Board shall appoint a qualified person or firm to serve as the General Counsel to the Authority on any basis it desires, including, but not limited to, a contract or an employment basis. The General Counsel shall perform duties as directed by the Authority,

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including, but not limited to, the review of meeting agendas and agenda reports, insurance policies, and policies, and procedures for compliance with state, federal and local laws, including the Brown Act, agreements with vendors, memoranda of understanding with Participants, user agreements, and such other legal matters as may confront the Authority.

Additional Officers, Employees, and Contractors. The Board of Directors shall have the power to appoint, engage or employ such additional officers, employees, and independent contractors as may be appropriate. Such officers, employees, and independent contractors may also be, but are not required to be, officers and employees of the individual Members. None of the officers, employees, or independent contractors appointed by the Board of Directors shall be deemed, by reason of their employment by the Board of Directors, to be employed by any of the Members or, by reason of their employment by the Board of Directors, to be subject to any of the requirements of such Members.

Status of Members' Officers and Employees. As provided in Government Code section 6513, all of the privileges and immunities from liability and other benefits which apply to the activities of officers, agents, or employees when performing their respective functions within the territorial limits of their respective public agencies shall apply to them while engaged in the performance of any of their functions and duties extraterritorially under the Agreement.

ARTICLE IX – FISCAL MATTERS

Annual Budget. The Board of Directors shall adopt a Budget annually prior to July 1 of each calendar year. A majority vote of the total voting membership of the Board is required to adopt or amend a Budget.

Budget Amendments. The Board of Directors may at any time amend the budget to incorporate additional income and disbursements that might become available to the Authority for its purposes during a fiscal year.

Fiscal Year. The Authority shall be operated on a fiscal year basis beginning on July 1 of each year and continuing through the succeeding June 30.

Accounts. All funds shall be placed in appropriate accounts and the receipt transfer, or disbursement of such funds shall be accounted for in accordance with generally accepted accounting principles applicable to governmental entities and pursuant to Government Code Section 6505 and any other applicable laws. There shall be strict accountability of all funds. All revenues and expenditures shall be reported to the Board of Directors.

Audit. The records and accounts of the Authority shall be audited annually by an independent certified public accountant or public accountant, in compliance with Government Code sections 6505.5 - 6505.6, and copies of such audit report shall be filed with the State Controller and each party to the Authority no later than fifteen (15) days after receipt of said audit by the Board of Directors.

Agency Funds. All funds received by the Authority shall be utilized solely for the purposes of the Authority, and all expenditures of funds shall be made only upon authorized signature of the Executive Director or the Treasurer. Any funds not required for the immediate need of the Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a public agency. All expenditures shall be made within the approved budget. No expenditure in excess of those budgeted shall be made without the approval of a majority of the total voting membership of the Board.

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Contributions. Without in any way limiting the powers otherwise provided for in the Agreement, these Bylaws, or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Members, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of the Authority, which funds may be provided by any participating Members, their agents, or representatives.

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

The Authority shall maintain, at a minimum, the following insurance policies:

- (1) a general liability insurance policy protecting the Authority and its directors, officers and employees from damage claims by third parties alleging personal injury and/or property damage;
- (2) Director's and Officer's Liability Coverage with Fiduciary Liability and Employee Dishonesty endorsements;
- (3) a fidelity bond covering employees and/or agents of the Authority as deemed necessary and reasonable by the Board of Directors.

ARTICLE X - AMENDMENTS

These Bylaws may, from time to time and at any time, be amended or repealed, and new or additional bylaws adopted, by approval of the Board of Directors, provided, however, that the Bylaws may not contain any provision in conflict with any applicable laws or with the Agreement. Any Member may propose amendments to the Bylaws to the Board of Directors at any time by submitting a written request for amendment of the Bylaws to the Executive Director, together with proposed language constituting the requested Bylaws amendment.

A written request for amendment of the Bylaws shall be reviewed by the General Counsel for conflict with the Agreement or other applicable provisions of state law. If a conflict is identified, the proposing Member will be notified, and the question of conflict will be agendaized for consideration at the next regular Board meeting. If the Board of Directors determines that the proposed Bylaw amendment does conflict with the terms and provisions of the Agreement or other applicable state law, then the Board of Directors shall so notify the Member requesting the Bylaw amendment of that fact and of the Board's determination that the proposed Bylaw amendment will not be submitted to a vote of the Board due to such conflict.

Should the General Counsel determine that the proposed Bylaw amendment does not raise any issues of potential conflict with the terms and provisions of the Agreement or should the Board of Directors determine to propose an amendment to the Bylaws, the Board of Directors shall agendaize the proposed amendment for consideration and vote at the next regular Board meeting. A vote of fifty percent (50%) plus one (1) of the total voting membership of the Board of Directors is required to adopt an Amendment.

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ARTICLE XI - EFFECTIVE DATE

These Bylaws shall become effective immediately upon certification of approval of the Board of Directors by the Secretary. Any amendments to these Bylaws shall be effective immediately upon confirmation of a majority vote of a quorum of member agencies casting written ballots in favor of the proposed Bylaw amendment.

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CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the California Cannabis Authority a California Joint Powers Authority; these Bylaws, consisting of 11 pages are the Bylaws of this organization as adopted by the Board of Directors of Authority on March 22, 2018; and that these Bylaws have not been amended or modified since that date.

Executed on March 22, 2018, at Monterey, California.

Secretary of California Cannabis Authority