

**California Fuel Cell Partnership
Operating Protocols
October 18, 2016**



CALIFORNIA FUEL CELL PARTNERSHIP OPERATING PROTOCOLS

The California Fuel Cell Partnership (“**CaFCP**”) has established these Operating Protocols to document its operations and administration processes, and to ensure consistency and enhance effectiveness and efficiency of its operations. These Operating Protocols provide a guideline for the following activities of the CaFCP:

- Structure and decision-making processes
- Administration and operations
- Budgeting and financial management practices
- Membership and member development
- Project planning and execution
- Confidentiality, conflicts of interest and antitrust

1. GOAL OF THE CALIFORNIA FUEL CELL PARTNERSHIP

The CaFCP is a cooperative public/private project that aims to accelerate and support the market launch of fuel cell electric vehicles (“**FCEVs**”) and hydrogen fuel in California. The CaFCP seeks to promote FCEV commercialization as a means of moving toward a sustainable energy future, increasing energy efficiency, expanding jobs creation and reducing or eliminating pollutants and greenhouse gas emissions.

The CaFCP Members wish to jointly take actions that support hydrogen station and vehicle deployment to foster commercial FCEV market launch, show feasibility and a clear value proposition of FCEVs and hydrogen fuel to consumers, businesses and communities, engage new groups and pursue innovative concepts to overcome early market challenges. The Members of the CaFCP agree to set annual goals and engage in activities to achieve strategic directions and goals that enable and expand commercialization of FCEVs and hydrogen fuel. They agree to work in collaboration with each other to further the CaFCP vision, including, without limitation, the following components: (i) creating multiple market-competitive FCEVs for sale or lease; (ii) reliably operating a retail network of hydrogen refueling stations; (iii) increasing the supply of renewably produced hydrogen for transportation; (iv) reducing the cost of fuel cell electric buses to competitive levels with traditional buses; (v) introducing fuel cells into medium-duty and heavy-duty vehicles; (vi) reducing greenhouse gas emissions and improving air quality; (vii) leveraging complementary technologies, such as energy storage; and (viii) improving market acceptance of FCEVs and hydrogen for a variety of constituents.

2. COLLABORATIVE WORK

The Members of the CaFCP agree to work together to accomplish the aforementioned goals. While it is not the intent of the CaFCP to develop technology or inventions, it is possible that new technology or inventions may be created as a result of the collaborative work. Because of this possibility, it is the express intent of the CaFCP and its Members to follow the following principles:

- All collaborative work is intended to promote broad stakeholder access.
- All collaboratively developed work is intended to be released into the public domain and will not be protected by patents, copyrights, trademarks, or other proprietary rights.
- Work products will benefit all Members and not be exclusive to one Member or sector.
- Members agree not to create proprietary work from the CaFCP's collaborative activities, or lead the CaFCP collaborative work into private property domain or make it proprietary.
- Participation in the CaFCP is voluntary. Members are allowed to remove themselves from discussions or project work at any time.
- Members agree to inform the Executive Director or the Chair prior to applying for a grant or submitting a funding application if the Members intend to use their participation in the CaFCP as the basis for funding.
- It is the intent of the CaFCP to adopt or endorse practices and protocols that foster commercialization of fuel cell and hydrogen fueling technologies. The CaFCP will not endorse or give preference to any single proprietary technology or any entity.
- Members agree to the CaFCP's standard commercial and legal practices, including its confidentiality and conflicts of interest policies available for reference on the CaFCP's Member resources website.

CONSENSUS DECISION PROCESS

In the spirit of cooperation and collaboration, the Members of the CaFCP will strive to develop consensus decisions whenever possible. Because the CaFCP is a voluntary organization, it is important to appropriately address dissenting opinions. The Members of the CaFCP agree to resolve any disagreements by attempting to find common ground and seeking to reach consensus to the extent possible. When a consensus cannot be reached after consideration of dissenting opinions, any disagreements will be resolved by majority voting (i.e., more than 50%) at the appropriate decision making body. Voting shall be the decision-making tool of last resort.

Any formal decisions requiring the vote of the CaFCP Members will be made at a meeting in accordance with a voting procedure provided within Roberts Rules of Order. Each Member may vote (for or against) or abstain on any issue that is properly before that Member (i.e., according to the Membership structure). A decision to move forward based on a majority vote should attempt to accommodate the concerns of those Members who disagree. The Executive Board may determine in advance that a particular decision requires a 2/3 majority vote.

ANTITRUST GUIDELINES

It is the express intent of the CaFCP and its Members that none of the CaFCP's activities violate or be in conflict with any federal, state or local antitrust law, rule or policy (collectively, the "**antitrust laws**"). Each Member will conduct its affairs in conformity with this intent. Each Member is aware that there are significant civil and criminal penalties for violating the antitrust laws. To the extent possible, the Members of the CaFCP will act in a

manner substantially in compliance with the policy entitled “Antitrust Guidelines for Collaboration Among Competitors” issued by the Federal Trade Commission and the Department of Justice in April 2000 (“**Antitrust Guidelines**”). The Antitrust Guidelines are available for reference on the CaFCP’s Member resources website. The Antitrust Guidelines will be referenced in advance of the CaFCP meetings.

3. MEMBERSHIP

All CaFCP Members must be fully committed to commercializing FCEVs (passenger vehicles, buses, medium-duty and heavy-duty vehicles) and hydrogen as a transportation fuel in California. Interested public and private organizations are encouraged to join the CaFCP. Potential new Members must provide added value to the program (i.e., their expertise or involvement is beneficial to achieving the CaFCP’s goals). It is also important that participation in the CaFCP provides value to its Members.

MEMBERSHIP STRUCTURE

To adequately represent the diverse list of stakeholders necessary to achieve the CaFCP’s goals, and be able to engage in full robust discussions among those stakeholders, the CaFCP seeks to engage and include representatives of seven (7) ‘sector’ areas. Each sector may have different reasons for participation in the CaFCP, and different challenges and opportunities for assisting commercialization efforts. Strong representation and participation by all sectors provides the CaFCP with the insight and capabilities needed to achieve commercialization goals.

The CaFCP seeks to have Members from the following sectors:

1. *Light duty vehicle manufacturers*: entities that sell or plan to sell light duty automotive vehicles in California and have substantial interest in introducing FCEVs to the commercial market;
2. *Fuel cell bus, medium-duty and heavy-duty manufacturers*: entities that build, integrate or operate medium- or heavy-duty vehicles in California and are interested in incorporating fuel cell technology;
3. *Fuel infrastructure*: entities that produce, blend or sell hydrogen or other vehicle fuels, or that design, develop, manufacture or operate related fueling infrastructure systems or plan to do so;
4. *Government*: federal, state or local government entities that have regulatory or funding authority over vehicle, environmental, safety or energy issues, or represent a city or community that has or intends to have hydrogen infrastructure or FCEV deployments;
5. *Technology and supply chain*: entities that provide an element of the infrastructure or vehicle supply chain, such as fuel cells, dispensers or components;
6. *Academia, associations, consultants and service providers*: entities that provide analysis, modeling, testing, research or other related support services required to support commercialization of FCEVs and hydrogen; and

7. *Non-Governmental Organizations (NGOs)*: nonprofit organizations that provide education, research, analysis or related support for successful commercialization of FCEVs and hydrogen.

MEMBERSHIP TIERS

To make the participation in the CaFCP accessible to all relevant stakeholders, the CaFCP makes available to interested organizations three (3) tiers with different levels of annual economic contribution and benefits. The three (3) tiers are (i) Executive Members, (ii) Full Members, and (iii) Associate Members. Current economic contribution levels for the various levels of membership and sectors are published at <http://cafcpmembers.org/membersonly/user>.

1. Executive Members

Executive Members make a substantial annual economic contribution to the CaFCP's operating budget and are eligible to participate on the CaFCP's Executive Board, the Steering Team and project teams. They are provided the opportunity to participate in all CaFCP activities. Executive Members make decisions regarding program plans, budget, communications and joint projects through their participation on the CaFCP's Executive Board and the Steering Team. Executive Members may include both Industry and Government Members.

Executive Members receive the following significant benefits by participating in the CaFCP:

- The ability to actively shape the commercialization of FCEVs and hydrogen infrastructure in California
- A forum to collaborate with peers in the fuel cell and hydrogen community
- The CaFCP staff support for collaborative programs and projects
- A high degree of visibility through the CaFCP's outreach program

2. Full Members

Full Members make a significant annual contribution to the CaFCP's operating budget and are eligible to participate on the Steering Team and project teams. Full Members have direct input on program plans, budget, communication and joint projects.

Full Members receive the following benefits by participating in the CaFCP:

- The opportunity to participate in decisions that advance commercialization of FCEVs and hydrogen in California
- A forum to collaborate with peers in the fuel cell and hydrogen community
- The CaFCP staff support for collaborative programs and projects
- Visibility through the CaFCP's outreach program

3. Associate Members

Associate Members make an annual contribution to CaFCP's operating budget and participate on project teams. Associate Members provide input on project team and CaFCP activities.

Associate Members receive the following benefits by participating in the CaFCP:

- The opportunity to provide input on decisions that advance commercialization of FCEVs and hydrogen in California
- Access to and affiliation with leaders in the fuel cell and hydrogen community
- Ability to participate in the CaFCP's outreach program

MEMBERSHIP PROCESS

Organizations interested in joining the CaFCP can apply by submitting letters of interest at any time. Official review and confirmation of new members is done twice annually by the Executive Board during in-person meetings. Prior to the Executive Board meetings, the Membership Committee reviews potential members, and in consultation with the Steering Team, presents proposed new members for the Executive Board consideration. New member considerations sent to the Executive Board will include proposed sector representation and membership tier recommendations, as well as information on the value of the contribution from the prospective member. To be eligible for the submission to and consideration by the Executive Board, new member proposals require a 2/3 majority vote from the Steering Team.

MEMBERSHIP COMMITTEE

The Membership Committee is composed of up to seven (7) Executive Members and Full Members, and the Executive Director. Its responsibilities include management of all membership needs and activities including review of applications by prospective members and proposals to the Executive Board, regular review of all Members (as necessary), and any membership-related concerns. The Membership Committee is led by the Vice-Chair of the CaFCP.

New Member Review

The Membership Committee reviews all applicants interested in joining the CaFCP. When a majority of the Membership Committee is in support of an application, it is then reviewed by the Steering Team. If an application receives a 2/3 majority support of the Steering Team, it is then presented to the Executive Board. The final proposal developed for the Executive Board shall include membership sector and tier recommendations.

Member Review

The Membership Committee shall conduct, periodically or as requested, a review of all CaFCP Members to confirm mutual value, active participation, financial responsibility and general observance of these Operating Protocols. If a Member is not fulfilling its commitment to the CaFCP, the Chair of the Executive Board or designee from the Membership Committee will contact that Member's main contact to determine how to resolve the issue, including how

the CaFCP can better engage the Member to meet the mutual goals of the CaFCP and the Member.

The CaFCP Members that wish to move up a tier (e.g., from Associate Member to Full Member) or down a tier (e.g., from Executive Member to Full Member) shall provide written notice to the Membership Committee. The Member and the Membership Committee shall meet before any proposed change is prepared for consideration by the Executive Board. To support stabilized financial planning, changes in membership levels shall be effective only at the beginning of the CaFCP's next fiscal year.

Members wishing to leave the CaFCP should contact the Membership Committee as soon as possible. Members are encouraged to discuss with the Membership Committee possible actions and consider whether mutual value may be derived from the Member's continued participation in the CaFCP. If an agreement on continued value cannot be achieved, the Member shall submit a formal letter of withdrawal and fulfill any outstanding payment obligations to the CaFCP. The withdrawing Member will not be entitled to refund of any contributions paid to the CaFCP.

SCHOLARSHIP PROGRAM

To increase participation and effectiveness of the CaFCP, and garner involvement of stakeholders otherwise unable to join or participate at an appropriate level, a limited scholarship program is available. The scholarship program is considered foregone revenue (e.g., the proposed entity would not be able or likely to join the CaFCP without such a consideration), and is not supported by extra payments from other Members. If mutual value and need for participation is determined by the Membership Committee, it, by majority vote, can propose to provide full or partial scholarship funding support. Scholarship support is provided for two (2) years and can be renewed.

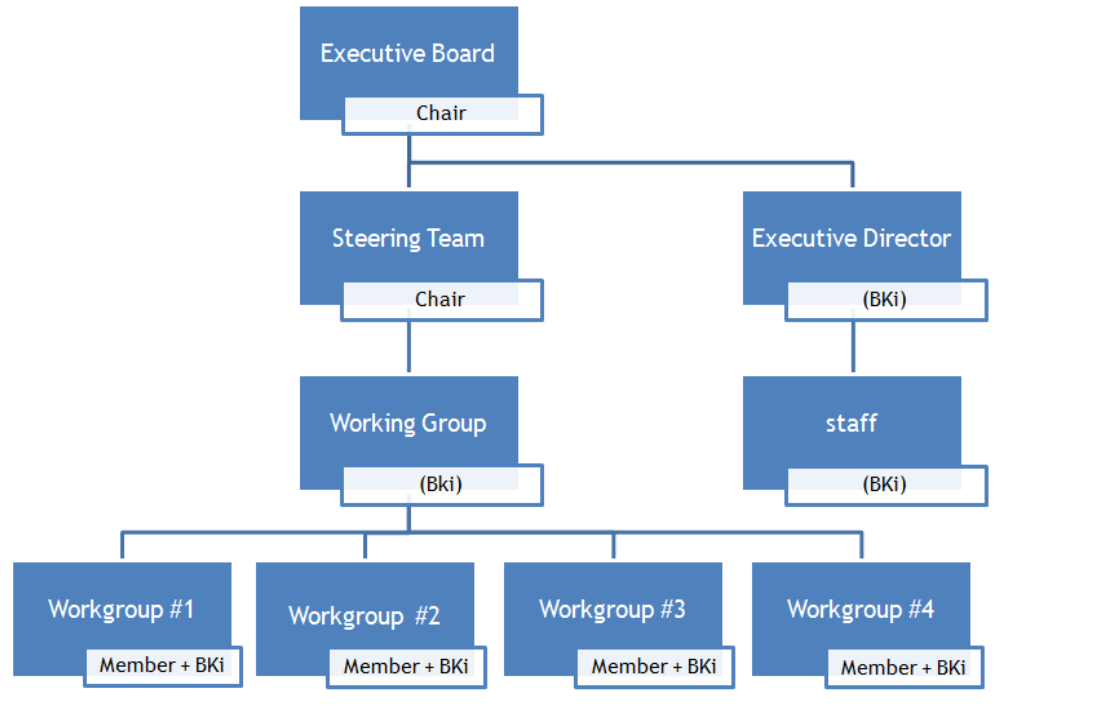
The scholarship program is initially limited to an aggregate amount equal to the total annual dues of one Executive Member from each of the seven (7) Sectors (i.e., \$345,000 under proposed 2016 structure and dues). The Membership Committee reviews all initial scholarship proposals and renewal considerations, and makes recommendations to the Executive Board or Steering Team for approval.

Entities proposed for scholarship support must work with the Membership Committee and the Executive Director to develop a participation and in-kind plan for eligibility in the scholarship program. This plan shall outline specifically where the entity will participate and add value to the CaFCP and its programs. The plan will be presented along with the scholarship program to the Executive Board annually. Scholarships are reviewed by the Membership Committee and confirmed by the Executive Board every two (2) years.

4. ORGANIZATION STRUCTURE

The CaFCP is managed by an Executive Board, which is led by the Chair. The Executive Director reports to the Chair. The Steering Team advises the Executive Director on the CaFCP programs and operations. The Working Group is a forum for conducting and coordinating the

collaborative project work. Project teams are established as needed to address specific needs with respect to a project or a Sector and are led by Member volunteers. Staff manages the project teams, executes activities and manages the day-to-day operations of the CaFCP and its offices. The CaFCP carries out its operations through the services of a private consulting company, currently, Bevilacqua-Knight, Inc., a California corporation (“**BKI**”), whose employees serve as the CaFCP staff.



EXECUTIVE BOARD

The purpose of the Executive Board is to provide a public forum for executive representatives of the Executive Members to address important strategy and planning issues related to commercialization of FCEVs and hydrogen. The Executive Board acts through a majority vote of the Executive Board Members. The Executive Board will be responsible for the following actions:

- Make decisions concerning CaFCP strategy, position and vision
- Approve (i) annual program plans, and (ii) annual budgets
- Appoint the Executive Director and provide general direction regarding the work of the CaFCP staff and project teams
- Make decisions about membership
- Take action on recommendations from the Executive Director, including business items as needed

Composition

Each Executive Member will be entitled to have one (1) executive-level representative on the Executive Board. To ensure representation from every sector, the Executive Members may invite a Full Member and/or Associate Member to fill an Executive Board seat when a sector

has no Executive Members. Representatives are expected to be empowered by their organizations to make policy and financial decisions regarding the CaFCP. Representatives are expected to participate in the Executive Board meetings consistently.

The Executive Board is led by a Chair, which rotates among the sectors. A Vice-Chair leads the Executive Board in the absence of the Chair. Both the Chair and the Vice-Chair are elected from the representatives of the Executive Members and serve for a one (1) year term. Please see Member Resources, <http://cafcpmembers.org/membersonly/user>, for the names of current Chair and Vice-Chair. A Vice-Chair is selected by a vote of the Executive Board for a two (2) year commitment: the first year he or she will serve as Vice-Chair, and the second year as Chair. The Vice-Chair for the upcoming year will be selected at the fall meeting for a one-year term beginning January 1 of the following year. After one year as Vice-Chair, he or she will become Chair for a one-year term beginning January 1 of the following year.

Along with the Executive Director, the Chair acts as a figurehead for the CaFCP. The Chair leads the Executive Board and is called upon to represent the CaFCP to the outside world. The Chair must be available for occasional media interviews and often is asked to attend functions to represent the CaFCP even if his or her organization would not have attended otherwise.

The Chair develops annual goals for his/her year of tenure, meets with the Executive Director to determine a plan for implementing those goals and shares his/her vision and goals with the CaFCP staff. During the course of the year, the Chair lends personal and organizational expertise to further the CaFCP goals. The Chair also helps the organization run smoothly and assists in solving operational issues as needed. Specifically, the Chair's responsibilities are as follows:

- Chair all Executive Board meetings
- Hold regular conference calls/meetings with Executive Director to discuss operating status
- Lend expertise of organization's staff to assist the CaFCP staff operations
- Be available for the CaFCP communication activities, e.g. media interviews, events

The Executive Board will meet in person in a public location twice a year. Meeting dates are set in spring for the following year. For current meeting dates, please see Member Resources at <http://cafcpmembers.org/membersonly/user>.

The meetings of the Executive Board are open to the public and follow the requirements outlined in the Bagley-Keene Open Meeting Act. Specifically, the meetings will be held as follows:

- All CaFCP meetings will be held in a facility with public access.
- A detailed meeting agenda will be posted on the CaFCP website ten (10) days in advance.

- Only Executive Board members and people on the agenda may actively participate, except for public participation described below. All other CaFCP Members are considered “public” at these meetings.
- Each meeting agenda will designate time for public comment. The Chair will determine the allowed duration of an individual’s comments.

Background materials to support decision items will be provided to the Executive Board members at least ten (10) days before the meeting. The Executive Board members commit to do the following actions:

- Review materials prior to the meeting
- Consult with others within their organization as needed
- Prepare to answer questions from the public
- Refrain from discussing the agenda items with other Executive Board members in person, by phone or by email

Executive Board members will confirm their attendance or that of a replacement at least three (3) weeks before the meeting. When possible, a replacement should not be the same individual as the organization’s Steering Team representative. Occasionally, the Executive Board members may have a phone meeting to address an urgent matter. The Executive Board members must call from a location open to the public, and state the location at the beginning of the meeting. The agenda will also specify the location for remote public participation.

Meeting presentations and materials will be placed on the CaFCP’s public website within fourteen (14) days after the meeting. Minutes will be formally approved by the Executive Board at the subsequent meeting and then posted on CaFCP’s public website.

STEERING TEAM

The purpose of the Steering Team is to provide consultation to the Executive Director, evaluate the CaFCP programmatic progress and provide a private forum for the discussion of issues and opportunities. The Steering Team will perform the following tasks:

- Review progress toward annual goals
- Gain Member input about progress and direction
- Advise the Executive Director regarding the CaFCP operations
- Together with the Executive Director, develop proposals for the Executive Board consideration and meeting agendas
- Present membership issues raised by Membership Committee to the Executive Board
- Review and approve expenditures within the approved annual budget as needed
- Provide a forum for joint discussion of issues and activities of common interest among CaFCP Members

Composition

All Executive Members and Full Members are eligible to have one (1) voting representative on the Steering Team. Executive Members and Full Members may choose not to have a

representative on the Steering Team. No company or organization shall have more than one (1) voting representative on the Steering Team. Representatives are expected to be empowered by their organizations to make policy and financial decisions regarding the CaFCP. Representatives are expected to participate consistently in the Steering Team meetings. Because the Steering Team serves as a bridge between the Executive Board and Working Group activities, it is important that the Steering Team Members communicate with others in their organization, especially in preparation for in-person CaFCP meetings.

The Steering Team will be chaired by the same organization that chairs the Executive Board (although not necessarily the same individual representative from that organization). Fewer than a quorum of the Executive Board members may serve on the Steering Team (e.g., with fifteen (15) seats on the Executive Board, no more than seven (7) Executive Board members may serve on the Steering Team). California government agencies may not be represented a board member or commissioner on the Steering Team, but may have a non-restricted employee serve on the Steering Team.

Meetings

The Steering Team meetings are to open to Executive Members, Full Members and Associate Members, and the CaFCP staff. Such meetings are not open to the public. The Steering Team meets up to four (4) times a year in person and coordinates by phone and email between meetings. Meeting dates are set in spring for the following year and coordinate with the Executive Board and Working Group meetings. For current meeting dates, please see <http://cafcpmembers.org/membersonly/user>.

An in-person meeting agenda will be posted on the password-protected Member resources website two (2) weeks before the meeting. Background materials to support decision items will be provided to the Steering Team members at least eight (8) days before the meeting. Slide presentations will be available one (1) day in advance of the Steering Team meetings or as available from presenters. All decisions of the Steering Team will be carried out by simple majority vote unless a 2/3 majority vote is specifically required by the terms of these Operating Protocols.

WORKING GROUP AND PROJECT TEAMS

The purpose of the Working Group is to facilitate the collaborative achievement of annual work plans and to identify and address commercial implementation issues. Because of the diversity of activities and stakeholders, work groups and project teams are utilized to focus activities on specific needs and challenges, all coming together quarterly for in-person Working Group meetings to provide a forum to review progress and facilitate joint discussion of the issues and activities of common interest among the CaFCP Members. Working Group and project teams will perform the following tasks:

- Conduct CaFCP work projects and coordinate with the Executive Director and the Steering Team to ensure the program plan and special work projects are supported
- Prepare proposals for consideration by the Executive Director and the Steering Team, and develop recommendations for Executive Board action

- Determine and recommend programs and strategies specific to their project areas

Composition

All Members – Executive Members, Full Members and Associate Members – provide one (1) voting representative to the Working Group. Additional Members from the same organization can participate in the Working Group, but only one (1) vote per organization is permitted when formal voting is required.

The Working Group is led by senior CaFCP staff, while project teams are led by a volunteer Member and coordinated by a staff member. Only Executive Members or Full Members shall lead a project team or a work group, although all Members are encouraged to contribute.

Meetings

The Working Group and project team meetings are open to all Members. Each Member's input is essential to successful implementation of the CaFCP program plan, and representatives are encouraged and expected to participate actively and consistently. The Working Group and project team meetings are closed to the public; however, additional stakeholders who are deemed necessary to add value to a discussion or meeting can be invited to limited participation in the Working Group and project team meetings upon recommendation by the CaFCP staff member after consultation with the members of such Working Group or project team.

Work groups, project teams and Committees are expected to keep the Working Group updated on status and important activities by providing the Working Group with in-person or written status reports, as necessary. Work groups and project teams should submit suggestions for the Working Group agenda as deemed necessary.

In-person Working Group meetings are held quarterly with monthly phone or additional meetings scheduled as needed. Work group and project team meetings are scheduled according to each group's particular needs. The Working Group meetings are set in spring for the following year. For current meeting dates, please see Member Resources; <http://cafcpmembers.org/membersonly/user>.

An in-person meeting agenda will be posted on the password-protected Member resources website one (1) week before the meeting. Slide presentations and background materials will be available one (1) day in advance of the Working Group meetings or as available from presenters.

EXECUTIVE DIRECTOR

The Executive Director has programmatic and financial responsibility for leading Members and staff to achieve the CaFCP's goals. He or she is highly visible in the fuel cell and hydrogen community and coordinates the strategic collaboration of industry and government representatives in sensitive policy, legal and technical matters. The Executive Director advises Members and teams on matters related to FCEV and hydrogen fueling implementation

and actions to facilitate commercialization. The Executive Director develops the annual program plan and the annual budget, recommends policy positions, facilitates Member collaboration, manages staff and contractors and represents the organization to stakeholders and the public. The Executive Director reports to the Chair. Specifically, the Executive Director's responsibilities include the following tasks:

- Develop, recommend and execute CaFCP's strategic plans
- Develop annual program plans and budget
- Lead the CaFCP staff to achieve program deliverables within budget
- Represent the CaFCP through public speaking engagements and media interviews
- Promote Member collaboration through joint meetings and activities
- Build effective collaborations between diverse industry and government organizations
- Develop and maintain a diverse set of stakeholder members

5. BUDGET AND FINANCIAL OPERATIONS

Each Member makes an annual contribution to support the CaFCP's operations based on the current Membership tiers. Members may make additional and/or in-kind contributions in excess of their annual contribution. The Management Services Agreement ("MSA") and government contracts authorize BKI to manage the CaFCP operations within the approved annual program plan and annual budget. The CaFCP's annual budget is based on the scope of activities in the annual program plan, and it is approved in the preceding year. The annual program plan shall set forth the milestones and objectives to be achieved during a specific year.

The Members are required to make their annual contributions in advance for the upcoming calendar year. Each Member is expected to remit payment within 90 calendar days of invoice date. Payments not received on time are subject to a 10% late payment charge. All new Members are invoiced for the annual contribution (pro-rated based on the number of full months remaining in the calendar year, as necessary) immediately upon invitation and are not considered CaFCP Members until the payment is received.

The industry participants who are Executive Members pay their annual contributions on a semi-annual basis to the California Fuel Cell Partnership Trust ("**Trust**"), created by the Executive Members who are industry participants with the objective of supporting the CaFCP. The trustee of the Trust makes payments from the Trust in proportionate share of the annual expenditures of the CaFCP. The Trust requires that a financial approver review and approve the CaFCP expenses, including staff/labor expenditures, and sign off on Trust disbursement instructions. The financial approver may be either (i) the Finance Committee, or (ii) a third-party independent public accounting firm ("**CPA**"). Government participants who are Executive Members pay their annual contributions in accordance with their individual contracts with BKI.

The Executive Director is responsible for the preparation and development of the annual program plan and the annual budget for the next year to be approved by the Executive Board by the fourth quarter of each year. Once approved, the Executive Director is responsible for adhering to the annual budget and providing quarterly reports to the Finance Committee and

semi-annual reports to the Executive Board. The Executive Board must approve any additional expenditure beyond the approved annual budget. The Finance Committee must approve any unbudgeted expenditure within the approved annual budget that exceeds \$15,000. Along with the annual program plan and annual budget, quarterly budget performance reports are reviewed by the Steering Team to identify variances in spending based on the approved annual budget. Each fiscal year, an independent outside accounting firm is engaged to provide an audit, review or compilation report on the financial statements of the CaFCP, and the resulting report is provided to the Steering Team at its spring meeting. Such accounting firm may be present (in-person or by telephone) at the spring meeting to provide Members with additional review and transparency into the CaFCP operations and performance.

The CaFCP carries out its operations, including human resources, payroll, finances, contracting and purchasing, through the services of BKI. Government Members contract directly with BKI to provide services to the CaFCP. All non-government Members sign the MSA with BKI. The Executive Director will engage the CPA to review and approve the payment of BKI expenditures and quarterly invoices for expenses incurred on behalf of the CaFCP, and to prepare monthly financial reports.

FINANCE COMMITTEE

The Finance Committee is composed of (i) up to seven (7) Members, (ii) the Chair, and (iii) the Executive Director. The purpose of the Finance Committee is to review the CaFCP financial activity to provide accountability and transparency. The Finance Committee reviews and approves past quarterly CaFCP financial activity reports and past invoices for BKI services rendered, prior to Steering Team or Executive Board review. These reviews augment, and do not eliminate, the annual finance review. The Financial Committee may also be asked to review other financial statements or activities.

6. AMENDMENT

These Operating Protocols may be amended from time to time by 2/3 vote of the Executive Board.