

WATER EMPLOYEE SERVICES AUTHORITY
GENERAL MANAGER
EMPLOYMENT AGREEMENT

This Agreement, effective September 30, 2019, is between the Water Employee Services Authority ("Authority") and Gregory Thomas ("Employee"). Authority and Employee agree to the following terms and conditions of employment.

1. **TERM.** Authority shall employ Employee to render services to Authority in the position and with the duties and responsibilities described in Section 2 for a term commencing on a start date of September 30, 2019, and continuing for a period of three (3) years. Thereafter, the term of this Agreement shall automatically be extended for successive one year periods unless either party shall have notified the other, in writing, at least one hundred eighty (180) days period to the expiration of the three (3) year period or any subsequent extension thereof that the party intends that this Agreement shall expire of its own terms at the end of the initial three (3) year term or at the end of any subsequent one (1) year extension.

2. **POSITION AND RESPONSIBILITIES.**

(a). **Position.** Employee accepts employment with Authority as General Manager.

(b). **Accountability.** Employee shall provide service at the direction and under the supervision of the Authority's Board of Directors ("Board of Directors"). Employee shall report directly to the Board of Directors and shall provide reports of his activities and duties to the Board of Directors on an as-needed basis and/or as determined by the Board.

(c). **Duties.** Employee shall be the chief administrative officer of the Authority and is hereby designated as the person who shall have charge of, handle and have access to the property of the Authority. Employee may head one or more departments, and shall be responsible to the Board of Directors for the proper administration of all affairs of the Authority. Employee shall have, pursuant to California Water Code Section 71362, and the Authority's Administrative Code, specifically Sections 500 and 700 thereof, full charge and control of the maintenance, operation, and construction of the water and wastewater systems under the operational control of the Authority. To that end, Employee shall have power and/or be required to:

(i) In accordance with applicable law, memoranda of understanding and individual employment agreements, appoint and, when necessary for the good of the Authority, discipline, suspend, or remove any employee of the

Authority. Employee may also authorize the head of a department to appoint, discipline, suspend, or remove subordinates in such department;

(ii) Hire, oversee, and discharge all individuals or entities operating as consultants for the Authority, except that the General Manager agrees to notify the Board of Directors, in writing, prior to terminating any individual or entity providing consulting services to the Authority;

(iii) Prepare the budget annually and submit it to the Board of Directors together with a description of its important features, and be responsible for administration of the budget after adoption;

(iv) Keep the Board of Directors advised as to the current financial condition and fixture needs of the Authority and make such recommendations as Employee may deem necessary or desirable;

(v) Review with the Board of Directors job descriptions for each position in the Authority and recommend a standard pay range for each position, including minimum and maximum pay rates, and select specific pay rates and steps for newly hired and promoted employees;

(vi) Recommend to the Board of Directors the adoption of such measures as Employee may deem necessary or expedient for the improvement of water and wastewater services;

(vii) Consolidate, combine, or reorganize positions, departments, or units of the Authority, after consultation with the Board of Directors;

(viii) Attend all meetings of the Board of Directors and Committees unless excused therefrom, and take part in the discussion of all matters coming before the Board or the Committees;

(ix) Implement the purchasing policies as adopted by the Board of Directors for the purchase of all materials, supplies, and equipment for which funds are provided in the budget, execute contracts necessary for the operation or maintenance of the Authority services for amounts up to the maximum amounts specified in the Authority's Administrative Code Section 705(H), as amended from time to time by the Board of Directors, or such higher amounts as may be determined by resolution of the Board of Directors and receive bids for purchases or contracts in excess of such maximums and present them to the Board of Directors for approval. However, no purchase shall be made, contract executed, or obligation incurred for any item or service which exceeds the current budget appropriation without approval by the Board of Directors.

Further, no public works contract for construction shall be executed, except by authority of the Board of Directors;

(x) Negotiate contracts for or on behalf of the Authority with third-parties after consultation with the Board of Directors;

(xi) Ensure that all rules, resolutions, and ordinances of the Authority are duly carried out and enforced; and

(xii) Investigate the operations of the Authority and all departments of the Authority, investigate all complaints in relation to matters concerning the administration of the Authority, and ensure that all franchises, permits, and privileges granted by and to the Authority are faithfully observed.

(d). Other Activity.

(i) Employee agrees to devote his full time and attention to the discharge of Employee's duties as General Manager, except that this provision shall be construed so as to permit Employee to participate in community service or non-profit activities (i.e., Water Reuse Foundation Board) which, in the opinion of the Board of Directors, do not constitute a conflict of interest and do not unreasonably interfere with the performance of the Employee's duties as General Manger, Authority operations, or the Authority's reputation in the community.

(ii) Except upon the prior consent of the Board of Directors or as stated above in Section 2(d)(i), Employee (during the term of this Agreement) shall not (1) accept any other employment; or (2) engage, directly or indirectly, in any other business, commercial, or professional activity (whether or not pursued for pecuniary advantage) that is or may be competitive with the Authority that might create a conflict of interest with the Authority or that otherwise might interfere with the business and operations of the Authority. So that the Authority may be aware of the extent of any other demands upon Employee's time and attention, Employee shall disclose in confidence to the President of the Board of Directors the nature and scope of any other business activity in which he is or becomes engaged during the term of this Agreement. This shall not be deemed to prohibit passive personal investments.

3. COMPENSATION AND BENEFITS.

(a). Compensation.

(i) Base Annual Salary. In consideration of the services to be rendered under this Agreement, Authority shall pay Employee, as his base annual salary, Two Hundred and Fifty Thousand Dollars (\$250,000) per year. This amount shall be paid pursuant to the procedures regularly established and as they may be amended by Authority in its sole discretion.

(ii) Semi-Annual Evaluation. On or about every six months after this Agreement takes effect, the Board of Directors shall provide Employee with a written semi-annual evaluation. This evaluation shall detail Employee's accomplishments and highlight areas for improvement, if any, from Employee's prior six months of service as General Manager.

(iii) Annual Written Goals and Policy Objectives. On or about the yearly anniversary of the date this Agreement takes effect, the Board of Directors shall provide Employee with a written summary of the goals and policy objectives that Employee is to accomplish in the following calendar year. This written summary shall prioritize the goals and policy objectives to be accomplished by Employee and shall further state that such goals and policy objectives are to be completed within the year, unless otherwise stated by the Board of Directors.

(iv) Merit Increase. On or about the yearly anniversary of the date this Agreement takes effect and after the semi-annual evaluations for the preceding calendar year for Employee have been completed, the Board of Directors, at its sole discretion, may award Employee with an annual merit increase of Employee's base annual salary.

(b). Benefits. Employee shall be provided the same type and level of benefits afforded by the Authority to other management-level employees that now exist or as hereafter amended or provided in accordance with the Authority's Personnel Policy, including PERS retirement, medical, dental, and vision insurance for Employee and family, except that Employee shall also be entitled to three (3) weeks' vacation per year, twelve (12) days of sick leave per year, and sixty (60) hours of administrative leave per year. No statement concerning benefits or compensation to which Employee is entitled shall alter in any way the term of this Agreement, any renewal thereof, or its termination.

(c). Automobile Allowance. Employee will furnish, maintain, and insure his own automobile while conducting Authority business. As compensation toward

partial business use of his personal automobile, the Authority will provide Employee with a vehicle allowance in the amount of Seven Hundred Dollars (\$700.00) per month during the term of this Agreement.

(d). **Expenses.** Authority shall reimburse Employee for reasonable and necessary travel and other business expenses incurred by Employee in the performance of his duties, in accordance with Authority's policies, as they may be amended in Authority's sole discretion.

4. TERMINATION OF EMPLOYMENT.

(a). **Authority Right to Terminate.** Employee serves at the will and pleasure of the Board and may be terminated with or without cause at any time. Consequently, nothing in this Agreement and no provision to the contrary contained in or arising from any statements, policies, or practices of the Authority relating to the employment, discipline, or termination of its employees shall in any way affect the Board's right to terminate the employment of Employee and this Agreement on an at-will basis, with or without cause, at any time, as provided herein.

(b). **By Authority Not for Cause.** In the Event that Employee and this Agreement are terminated without cause (as the term "cause" is defined below), the Authority shall give Employee six (6) months' written notice prior to the effective date of the termination. If the full six (6) months' notice is given, Employee shall not be entitled to any severance payment. Upon written notice of termination, Employee shall continue to perform his duties and receive his compensation and benefits as provided herein until the effective date of the termination or until he obtains other employment, whichever occurs first. At the option of the Board, the duties of Employee may be modified or reduced during the period between notice of termination and the effective date of termination, provided that compensation and benefits will continue at the levels provided herein. Notwithstanding the foregoing, the Authority may terminate Employee and this Agreement with no prior notice or with less than six (6) months' notice provided that the Authority shall compensate Employee by payment of a lump sum severance in the amount of all compensation due and owing through the last day Employee actually worked, plus an amount equal to the base salary, benefits, and accrued benefit balances Employee would have earned and accrued through the balance of the six (6) months from the notice of termination, or for the period of time remaining in the term of the Agreement, whichever is less, in which case all of the Authority's obligations under this Agreement shall cease.

(c). **By Authority for Cause.** The Authority may terminate Employee and this Agreement at any time for cause (as the term "cause" is defined herein). In the event that Employee and this Agreement are terminated for Cause, the Authority shall pay Employee all compensation then due and owing at the time of the termination, at which time any and all obligations of the Authority under this Agreement shall cease. Termination shall be for "Cause" if Employee: (i) acts in bad faith and to the detriment of the Authority; (ii) refuses or fails to act in accordance with any specific direction or order of a majority of the Board of Directors; (iii) exhibits in regard to his employment unfitness or unavailability for service, materially unsatisfactory performance, misconduct, dishonesty, habitual neglect, or incompetence; (iv) is convicted of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; or (v) breaches any material term of this Agreement; provided however, that the Authority does not arbitrarily or capriciously call for his dismissal. The Authority shall provide Employee with a reasonable time (as deemed appropriate by the sole discretion of the Board of Directors) to correct any conditions which are the cause of a proposed discharge for Cause, unless exceptional and unforeseen circumstances have occurred which require immediate action. Notice of the proposed discharge by the Authority shall be given in writing to Employee along with a reasonably detailed statement of charges and copies of the materials upon which the proposed action is based. Upon receipt of said notice, Employee, within five (5) business days, may request a hearing before the Authority's Board of Directors. Reasonable time shall be permitted for Employee to prepare for the hearing. Such hearing shall be conducted in closed session, unless specifically prohibited by state law or a public hearing is requested by Employee. The issues at the hearing shall be limited solely to whether or not there is sufficient evidence to support a finding of termination for Cause such that Employee would not be entitled to any severance pay and benefits. Under no circumstance shall Employee be entitled to reinstatement as a result of such hearing. The decision by the Board of Directors after such hearing shall be in writing, shall be served upon Employee, and shall be final.

(d). **By Employee.** At any time, Employee may terminate this Agreement and resign his employment by providing the Authority ninety (90) days' advance written notice. Authority shall have the option, in its complete discretion, to terminate Employee at any time prior to the end of such notice period, provided Authority pays Employee all compensation and benefits due and owing through the last day actually worked, plus an amount equal to the base salary, benefits, and accrued benefit balances Employee would have earned through the balance of the above notice period; thereafter all of the Authority's obligations under this Agreement shall cease.

(e). **Termination Obligations.**

(i) Employee agrees that all property, including, without limitation, all equipment, tangible proprietary information, documents, books, records, reports, notes, contracts, lists, computer disks (and other computer-generated files and data), and copies thereof, created on any medium and furnished to, obtained by, or prepared by Employee in the course of or incident to his employment, belongs to the Authority and shall be returned promptly to the Authority upon termination of Employee and this Agreement.

(ii) All benefits to which Employee is otherwise entitled shall cease upon termination of Employee and this Agreement, unless explicitly continued either under this Agreement or under any specific written policy or benefit plan of the Authority.

(iii) The representations and warranties contained in this Agreement and Employee's obligations under this Section 4(e) shall survive the termination of Employee and the termination and/or expiration of this Agreement.

(iv) Following termination of Employee and this Agreement, Employee shall fully cooperate with the Authority in all matters relating to the winding up of Employee's pending work on behalf of Authority and the orderly transfer of work to other employees of the Authority. Employee shall also cooperate in the defense of any action brought by any third party against the Authority that relates in any way to Employee's acts or omissions while employed by the Authority.

5. **ABUSE OF OFFICE.** Pursuant to Government Code Sections 53243, 53243.1 and 53243.2, if Employee is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if Employee is provided with administrative leave pay pending an investigation, Employee shall be required to fully reimburse the Authority such amounts paid; (2) if Authority pays for the criminal legal defense of Employee (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Employee shall be required to fully reimburse Authority such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that Employee may receive from Authority shall be fully reimbursed to Authority or void if not yet paid to Employee. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including, but not limited to, a crime described in Title 7 (commencing with Section 92) of Part 1 of the Penal Code.
6. **NOTICES.** Any notice or other communication under this Agreement must be in writing and shall be effective upon delivery by hand or three (3) business days after

deposit in the United States mail, postage prepaid, certified or registered, and addressed to the Authority or to Employee at the corresponding address or fax number below. Employee shall be obligated to notify Authority in writing of any change in his address. Notice of change of address shall be effective only when done in accordance with this Section.

Authority's Notice Address:

31315 Chaney Street
PO Box 27
Lake Elsinore, CA 92530

Employee's Notice Address:

45122 Saddleback Court
Temecula, CA 92592

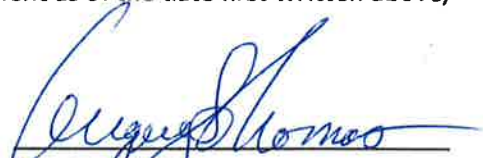
7. **ACTION BY AUTHORITY.** All actions required or permitted to be taken under this Agreement by Authority, including, without limitation, exercise of discretion, consents, waivers, and amendments to this Agreement, shall be made and authorized only by the Board of Directors or by its representative specifically authorized in writing to fulfill these obligations under this Agreement.
8. **INTEGRATION.** This Agreement is intended to be the final, complete, and exclusive statement of the terms of Employee's employment by Authority. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of Employee, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. To the extent that the practices, policies, or procedures of Authority, now or in the future, apply to Employee and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control.
9. **AMENDMENTS; WAIVERS.** This agreement may not be amended except by an instrument in writing, signed by each of the parties. No failure to exercise and no delay in exercising any right, remedy, or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.
10. **SEVERABILITY.** If any provision of this Agreement, or its application to any person, place, or circumstance is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced to the greatest

extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, and circumstances shall remain in full force and effect.

11. **ATTORNEY'S FEES.** In legal action, arbitration, or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.
12. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the law of the State of California.
13. **EMPLOYEE ACKNOWLEDGEMENT.** Employee acknowledges that he has had the opportunity to consult legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

The parties have duly executed this Agreement as of the date first written above,

Dated: September 12, 2019



Gregory Thomas

Dated: 9/12/19



By: Andy Morris, Board President
Water Employee Services Authority