

EMPLOYMENT AGREEMENT
FOR
GENERAL MANAGER OF THE CLEAR CREEK COMMUNITY SERVICES DISTRICT

This Employment Agreement ("Agreement") made and entered into this 19th day of Oct 2022, by and between the Clear Creek Community Services District (hereinafter referred to as "Employer" or "CCCSD") and Paul L. Kelley (hereinafter referred to as "Employee" or "Mr. Kelley"), who understand as follows:

WITNESSETH:

WHEREAS, Employer desires to employ the services of Paul L. Kelley as General Manager; and

WHEREAS, it is the desire of Employer to provide certain benefits, establish certain conditions of employment and to set working conditions of Employee; and

WHEREAS, Employee desires to accept employment as General Manager; and

NOW, THEREFORE, in consideration of the above recitals and of the mutual promises and conditions in this Agreement and for other valuable consideration, receipt of which is hereby acknowledged, it is agreed as follows:

Section 1. General Manager Duties

Employee agrees to perform the functions and duties of the position of General Manager, and any additional duties as may be assigned by the Board from time to time. A general description of the duties and responsibilities of the General Manager is attached to this Agreement and is incorporated herein by this reference as **Exhibit A**. Employee shall be responsible for performing the statutorily required duties of a general manager of a Community Services District, as set forth in California Government Code Section 61051, which provides as follows:

- (a) The implementation of the policies established by the board of directors for the operation of the district.
- (b) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.
- (c) The supervision of the district's facilities and services.
- (d) The supervision of the district's finances.

Section 2. Term of agreement

Employment shall commence on October 31, 2022, and continue until terminated by either Employee or Employer in accordance with the terms of this Agreement or by law.

Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employer to terminate the services of Employee at any time, subject only to the provisions set forth in Section 4 of this Agreement. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from his position with Employer, subject only to the provisions set forth in Section 4 of this Agreement.

Section 3. Place of Employment.

Unless the parties agree otherwise in writing, during the employment term Employee shall perform the services he is required to perform under this Agreement at Employer's offices, located at 5880 Oak Street, Anderson, California, provided, however, that Employer may from time to time require Employee to travel temporarily to other locations on Employer's business.

Section 4. Devotion to District Business and Hours of Work

The General Manager position is a full-time position. Therefore, except as otherwise provided herein, Employee shall not engage in any outside business, educational, professional, or other activities, whether for compensation or otherwise, that would conflict or materially interfere with performance of the General Manager duties without written prior approval from the Board of Directors. As a full-time position, Employee's work schedule shall generally be consistent with the normal business hours adopted by the CCCSD and those additional hours necessary to fulfill the obligations of General Manager, including being available to attend all necessary meetings during evenings and weekends. During his employment, Employee shall devote such time, interest, and effort to the performance of this Agreement as may, in the view of Employer, be fairly and reasonably necessary.

Section 5. Termination

Employee understands and expressly agrees that he serves in the General Manager position at the will and pleasure of the Board of Directors and that he may be terminated or asked to resign from that position at any time by the Board of Directors, without cause, for any reason or for no reason, as further provided for in this Agreement.

The employee may leave the services of the District in good standing prior to the termination of this agreement. The employee must submit a written notice of resignation or retirement to the Board at least Sixty (60) days in advance of effective date of employee's

Section 6. Salary compensation

Employer agrees to pay Employee a base annual salary of \$136,000, including benefits described in this Agreement, payable in installments at the same time and in the same manner as other employees of the District are paid, for the performance of the duties and obligations of General Manager.

On the first anniversary of this Agreement, the base salary will be increased by three percent (3%), unless modified by the Board of Directors. Employer shall review Employee's Base Salary and benefits then being paid to Employee not less frequently than every 12 months. Following such review, the Board of Directors may in its sole discretion increase (but shall not be required to increase) Employee's Base Salary or any other benefits.

Section 7. Termination for Cause

Without limiting Employer's ability to terminate the employment of Employee for no cause, Employer may terminate this Agreement at any time without notice if Employee commits any material act of dishonesty, discloses confidential information, is guilty of gross carelessness or misconduct, unjustifiably neglects his duties under this Agreement, or acts in any way that has a direct, substantial, and adverse effect on Employer's reputation, as determined by the Board in its sole discretion.

Section 8. Effect of no-cause termination on Salary:

On 90 days' prior written notice, Employer may terminate Employee without cause, provided, however, that Employer reserves the right to terminate Employee's employment immediately and provide 90 days' pay in lieu of notice to Employee. If Employee's employment is terminated under this Section, Employee shall receive payment for all accrued salary, vacation time, and benefits under benefit plans of Employer through the Termination Date, which for purposes of this Section shall be the date specified in the notice from Employer. After the Termination Date, Employer shall not pay to Employee any other compensation or payment of any kind, including severance or payment in lieu of notice. Except as otherwise provided in this Section, all benefits provided by Employer to Employee under this Agreement or otherwise shall cease as of the Termination Date.

Section 9. Retirement, Health & Welfare, Holidays, Vacation, Leave & other Benefits

Employer agrees to provide Employee ability to participate in all employee benefit programs and plans applicable to other management employees of the District. Further defined in this section, additional compensation and benefits as provided to other management employees of the CCCSD. In addition, Employee shall receive the following benefits:

- A. Pension. Employer offers membership in California Public Employee's Retirement System pension program ("CalPERS"). The miscellaneous retirement plan : PEPRA 2% at 62. The district will make contributions required under the terms of the contract between CalPERS and the District. The employee share of the contribution percentage of salary is 6.75% paid through payroll withholding. The District will pay on behalf of the employee the balance of the CalPERS contribution for the General Manager, if any.

- B. Health and Welfare. The District will provide medical (health), dental and vision coverage for Employee and his immediate, eligible family, at level of coverage substantially the same as other management employees. The employee will be responsible for a percentage of the monthly premium as is District policy, and the District will pay the other portion. The employee may, at his discretion opt out of medical, dental and vision coverage (CCCSO health insurance benefits), if so, the employee will receive a “health allowance” equivalent to one half (1/2) of the District monthly contribution portion if the employee did participate as non-pension compensation.

The District offers lifetime retiree medical coverage if the Employee meets the requirements set by the District and the state of California, which include twenty years (20 years) membership in CalPERS, and a minimum of five (5 years) employed by the District at retirement; the Employee must meet all District and state requirements for receiving these benefits and will not receive such benefits if these requirements are not met

- C. Holidays, Vacation, Leave. The Employee will be entitled to paid holidays in accordance with the District’s established holiday schedule – 11 paid holidays per year. The Employee will be entitled to bereavement leave, jury duty leave and other leave required by law and in accordance with the District’s leave policies.

Vacation: Employee shall accrue annual vacation leave, based on the following years of service:

- 10 days per year – for the first 5 years
- 15 days per year – for 6th through 10th year
- 18 days per year – for 11th through 15th year
- 21 days per year – Thereafter

Administrative Leave: The General Manager employee receives an additional lump sum of annual administrative leave (executive leave) – of 40 hours per year and will expire at the end of each year and will not carry over to the following year. Up to 20 hours of administrative leave usable in the first 6 months of employment. Unused administrative leave will have no cash value to Employee. A year is defined as a anniversary date of employment.

- D. Sick Leave. The employee will accrue sick leave at a rate of 10 days per calendar year with a cap on accumulation of 60 days. No cash out of sick leave at separation of employment.

- E. Group Life Insurance. Employee will be provided with a \$30,000 life insurance policy. The District will pay the full monthly premium for Employee.
- F. Automobile. The employee will be entitled to an automobile allowance in the amount of one hundred and seventy-five dollars (\$175) per month for use of his automobile in service to the District. The employee is responsible for any income tax or other taxes resulting from this allowance.

Section 10. Other Obligations of the District

- A. Office, Supplies, Business Expenses. District agrees to provide the General Manager employee with an office, suitable office and computer equipment, supplies and other such facilities and services commensurate with the General Managers position in order to facilitate the performance of his duties. Mr. Kelley may receive reimbursement for expenses incurred in the performance of the District's business at the approval of the board of directors.
- B. Professional Development Activities and District representative. District agrees to budget for and pay for travel, meals, accommodations, registration and other expenses of the General Manager for conferences, seminars and such other occasions as are reasonably necessary for Employee to fulfill his duties as General Manager to represent the District and to further Employee's professional growth and advancement. Conferences and seminars may include but are not limited to those sponsored by the Association of California water agencies (ACWA), the ACWA-Joint Powers Insurance Agency (ACWA-JPIA), and the California Special Districts Association, California Rural Water association.

Section 11. Performance Review

Employee's initial performance review shall be on or about March 31, 2023. Thereafter, Employee shall receive an annual performance review on or before October 31 of each year. As part of the performance review, Employee shall report on his efforts in the prior year to achieve the goals of the Board of Directors. The initial and annual performance reviews will include the preparation of a written evaluation by the Board of Directors. Additional performance reviews shall be scheduled by of the Board of Directors, in its sole discretion. The Board may or may not increase Employee's salary after any such performance review, at the sole discretion of the Board.

Section 12. Employee's Representations

Employee represents and warrants that he is not restricted, contractually or otherwise,

from entering into this Agreement. Employee further warrants that he has the qualifications previously represented to Employer, including any required licenses or certifications.

Section 13. General Provisions

- A. This Agreement contains the entire agreement between the parties and supersedes all prior or contemporaneous oral and written agreements, understandings, commitments, and practices between them, including all prior employment agreements, whether or not fully performed by Employee before the date of this Agreement. Without limiting the generality of the foregoing, except as provided in this Agreement, all understandings and agreements, written or oral, relating to Employee's employment by Employer or Employer's payment of any compensation or provision of any benefit in connection therewith or otherwise are hereby terminated and shall be of no future force or effect. Employee represents and warrants that Employee is not relying on any representations made before or outside of this Agreement. No oral modifications, express or implied, may alter or vary the terms of this Agreement. No amendments to this Agreement may be made except by a writing signed by the Board and Employee. No employee or supervisor of Employee is authorized to alter or vary the terms of this Agreement except by written agreement by the Board. Any representations contrary to this Agreement, express or implied, written or oral, made after the date of this Agreement are hereby disclaimed.
- B. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- C. This Agreement shall be governed by the laws of the State of California. Employee and the District agree that venue for any dispute shall be in Shasta County, California.
- D. The parties acknowledge that they understand the significance and consequences of this Agreement. The parties also acknowledge that they have been given full opportunity to review and negotiate this Agreement and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Agreement shall not be interpreted against the party who prepared the initial draft because all parties participated in the drafting of this Agreement by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Agreement.

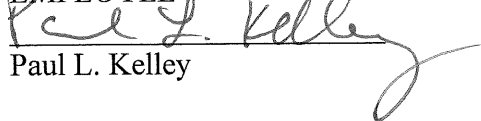
- E. Employee may not assign this Agreement in whole or in part.
- F. If any legal proceeding is necessary to enforce or interpret the terms of this Agreement or to recover damages for breach of this Agreement, the prevailing party shall be entitled to reasonable attorney fees as well as reasonable costs and disbursements (including expert witness fees), in addition to any other relief to which the prevailing party may be entitled.
- G. Any notice to Employer required or permitted under this Agreement shall be given in writing to Employer, either by personal delivery (including personal delivery by fax or e-mail) or by registered or certified mail, postage prepaid, addressed to the Board at Employer's then principal place of business. Any such notice to Employee shall be given in a like manner and, if mailed, shall be addressed to Employee at his home address then shown in Employer's files. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (a) on the date of delivery, if delivered personally to the party to whom notice is to be given, or (b) on the third business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this Section.
- H. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The text herein shall constitute the entire Agreement between the parties. Any amendments to this Agreement must be in writing and executed by both parties. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Employee.

Section 13. Effective Date

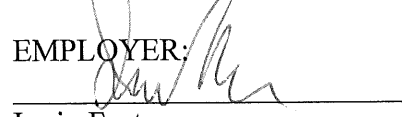
This Agreement shall be effective on October 19 2022.

In Witness Whereof, Employer and Employee have signed and executed this Agreement, both in duplicate, the day and year first above written.

EMPLOYEE


Paul L. Kelley

EMPLOYER:


Irwin Fust
Board of Directors, Chairman



Board of Directors, Member
Scott McVay

EXHIBIT A

TO EMPLOYMENT AGREEMENT General Manager Job Description & Duties

The General Manager serves as the Chief Executive Officer of the District and is accountable to the Board of Directors. It should be noted that the general manager may sub-delegate a function delegated to him/her by the Board. However, the general manager still retains responsibility to ensure that any sub-delegated function is carried out appropriately. Where functions are delegated to the general manager to perform on behalf of the Board, it is important for the Board to ensure there are policies in place to guide the decision making. The Board should keep policies guiding the delegated decisions under regular review. The General Manager represents the District in a manner to facilitate the District's operations.

The position provides policy guidance to the Board of Directors and management staff; and is responsible for implementation and enforcement of all District ordinances, policies, and procedures, the conduct of all financial and human resources activities and the efficient and economical performance of the District's operations. The General Manager provides highly responsible and complex administrative support to the Board of Directors.

Responsibilities:

- Manage general District business operations.
- Provide Leadership to the Staff.
- Secretary to the Board of Directors
- Responsible to devise and implement short term as well as long term goals and modifications to existing plans based on real world needs of the District.
- Responsible to plan, develop and implement organizational policy goals.
- Prepare reports, budget forecasts, and present them when required, coordinate the activities of all departments to ensure operations efficiency.
- Analyze budget requests to identify areas where reductions or efficiencies can be made, allocating operating and administrative budgets.
- Apply for any and all grants to help the District rebuild infrastructure and all other areas which need improvement to the benefit of the District.
- Conduct performance reviews annually of all employees.
- Implement the policies established by the Board for the operation of the District.
- Appoint, supervise, discipline, and dismiss the District's employees, consistent with the employee relations system established by the Board.
- The supervision of the District's facilities and services.
- The supervision of the District's finances.
- All other duties necessary and by direction of the Board of Directors.

EMPLOYMENT AGREEMENT
FOR
GENERAL MANAGER OF THE CLEAR CREEK COMMUNITY SERVICES DISTRICT

AMENDMENT 1

This Amendment is made and entered into this 15th day of November 2023, by and between the Clear Creek Community Services District (hereinafter referred to as "Employer" or "CCCSD") and Paul L. Kelley (hereinafter referred to as "Employee" or "Mr. Kelley"), as per the agreement dated October 19, 2022, for employment services, encompassing all terms and conditions contained therein, except as specifically modified herein:

The above-described employment agreement shall be amended as follows:

1. Page 2, Section 5 shall be amended to read as follows:

Section 5. Termination

Employee understands and expressly agrees that he serves in the General Manager position at the will and pleasure of the Board of Directors and that he may be terminated or asked to resign from that position at any time by the Board of Directors, without cause, for any reason or for no reason, as further provided for in this Agreement.

The employee may leave the services of the District in good standing prior to the termination of this agreement. The employee must submit a written notice of resignation or retirement to the Board at least Sixty (60) days in advance of effective date of employee's planned resignation or retirement.

2. Page 4, Section 9 A, shall be amended and read as follows:

- A. Pension. Employer offers membership in California Public Employee's Retirement System pension program ("CalPERS"). The miscellaneous retirement plan : PEPPRA 2% at 62. The district will make contributions required under the terms of the contract between CalPERS and the District. The employee share of the contribution percentage of salary is the current CapPERS published CCCSD rate paid through payroll withholding. The District will pay on behalf of the employee the balance of the CalPERS contribution for the General Manager, if any.

3. Page 4, Section 9 B, shall be amended and read as follows:

- B. Health and Welfare. The District will provide medical (health), dental and vision coverage for Employee and his immediate, eligible family, at level of

coverage substantially the same as other employees. The employee will be responsible for a percentage of the monthly premium as is District policy, and the District will pay the other portion. The employee may, at his discretion opt out of medical, dental and vision coverage (CCCSO health insurance benefits), if so, the employee will receive a "health allowance" equivalent to one half (1/2) of the District monthly contribution portion if the employee did participate as non-pension compensation.

The District offers retiree medical coverage if the Employee meets the requirements set by the District and the state of California; the Employee must meet all District and state requirements for receiving these benefits and will not receive such benefits if these requirements are not met.

4. Page 4, Section 9 C, shall be amended and read as follows:

- C. Holidays, Vacation, Leave. The Employee will be entitled to paid holidays in accordance with the District's established holiday schedule – 11 paid holidays per year. The Employee will be entitled to bereavement leave, jury duty leave and other leave required by law and in accordance with the District's leave policies.

Vacation: Employee shall accrue annual vacation leave, based on the following years of service:

- 10 days per year – for the first 3 years
- 15 days per year – for 4th through 9th year
- 20 days per year – for 10th through 15th year
- 25 days per year – Thereafter

Administrative Leave: The General Manager employee receives an additional lump sum of annual administrative leave (executive leave) – of 80 hours per year and will expire at the end of each year and will not carry over to the following year. Unused administrative leave will have no cash value to Employee. A year is defined as a calendar year.

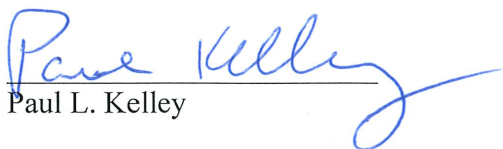
5. Page 4, Section 9 D & E, shall be amended and read as follows:

- D. Sick Leave. The employee will accrue sick leave at a rate of 13 days per calendar year with a cap on accumulation of 60 days. No cash out of sick leave at separation of employment.
- E. Group Life Insurance. Employee will be provided with a \$100,000 life insurance policy. The District will pay the full monthly premium for Employee.

Except as specifically modified herein, all of the terms and conditions of the Employment Agreement for Paul L. Kelley as General Manager of the Clear Creek Community Services District shall remain in full force and effect.

In Witness Whereof, Employer and Employee entered into this Amendment as of the date written and have signed and executed this Agreement, both in duplicate, the day and year first above written.

EMPLOYEE


Paul L. Kelley

EMPLOYER:


Beverly Fickes
Board of Directors, Chair

EMPLOYMENT AGREEMENT
FOR
GENERAL MANAGER OF THE CLEAR CREEK COMMUNITY SERVICES DISTRICT

AMENDMENT 2

This Amendment is made and entered into this 20th day of November 2024, by and between the Clear Creek Community Services District (hereinafter referred to as "Employer" or "CCCSD") and Paul L. Kelley (hereinafter referred to as "Employee" or "Mr. Kelley"), as per the agreement dated October 19, 2022 including Amendment 1 dated November 15 2023, for employment services, encompassing all terms and conditions contained therein, except as specifically modified herein:

The above-described employment agreement shall be amended as follows:

1. Page 3, Section 6 shall be amended to read as follows:

Section 6. Salary Compensation

(all the first two paragraphs of section 6 stay and unchanged – Add this paragraph)

The Board of Directors, by this amendment increases the current base salary by 3.5% (\$140,080 x 3.5%) to \$144,983.00

2. Page 4, Section 9 B, shall be amended and read as follows:

A. Health and Welfare. (first paragraph – no change)

So long as the District continues to participate in the CalPERS health program (PEMHCA), if the employee/retiree qualifies for and elects to continue this coverage, the District will pay the PEMHCA Minimum Employer Contribution (MEC).

3. Page 4, Section 9 C, shall be amended and read as follows:

B. Holidays, Vacation, Leave. (No Change)

Vacation: (No Change)

Administrative Leave: The General Manager employee receives an additional lump sum of annual administrative leave (executive leave) of 120 hours per year and will expire at the end of each year and will not carry over to the following year. Unused administrative leave will have no cash value to Employee. A year is defined as a calendar year.

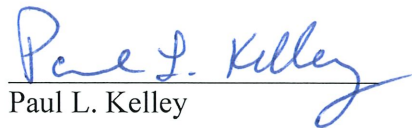
4. Page 4, Section 9 D, shall be amended and read as follows:

- C. Sick Leave. The employee will accrue sick leave at a rate of 13 days per calendar year for sick leave purposes or for CalPERS time if allowed by CalPERS. No cash out of sick leave at separation of employment.

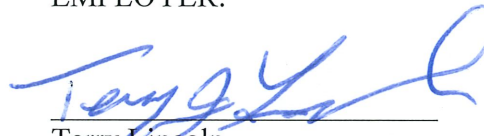
Except as specifically modified herein, all of the terms and conditions of the Employment Agreement for Paul L. Kelley as General Manager of the Clear Creek Community Services District shall remain in full force and effect.

In Witness Whereof, Employer and Employee entered into this Amendment as of the date written and have signed and executed this Agreement, both in duplicate, the day and year first above written.

EMPLOYEE


Paul L. Kelley

EMPLOYER:


Terry Lincoln
Board of Directors, Chair