



QUARTZ HILL WATER DISTRICT – CHAD REED GENERAL MANAGER EMPLOYMENT CONTRACT

1. The parties to the contract are as follows:
 - 1.1. Quartz Hill Water District (“Employer”). Employer is a Water District chartered by the State of California pursuant to the terms of the California Government Code and the California Water Code, and is a public entity.
 - 1.2. Chad J. Reed (“Employee”). Employee is an individual. Employee currently serves as General Manager under an employment contract that expires on December 31, 2014. This agreement supersedes and replaces all other agreements between Employee and Employer.
 - 1.3. This contract is a preliminary agreement between Employee and Employer, as represented by the President of the Board of Directors of Employer. Employer’s entrance into this agreement is provisional until and unless this contract is ratified and approved by the Board of Directors of Employer.
2. Term of Contract
 - 2.1. The effective date of this contract is 12:01 a.m., January 1, 2015.
 - 2.2. This contract shall remain effective until the conclusion date, which shall be five calendar years after the effective date of the contract.
 - 2.3. After 11:59 p.m., December 31, 2019, this contract shall become employment at will, with all provisions of this contract operable.
3. Terms of Employment
 - 3.1. Employee shall provide full-time work to Employer as the General Manager of Employer, or in such other capacities as Employer shall from time to time designate.
 - 3.1.1. As used herein, “full-time work” shall not mean or refer to any specific quantity of time but rather to the devotion and focus of Employee’s professional energies and efforts to the advancement of Employer’s interests.
 - 3.1.2. Employee shall have all duties and powers incident to his position, including but not limited to general management and oversight over the day-to-day business and operational activities of Employer, the hiring and firing of employees of Employer, and to make periodic reports to the Board of Directors of Employer.
 - 3.1.2.1. Employee’s duties include the attending of all meetings of the Board of Directors, including regular meetings, special meetings, and emergency meetings.
 - 3.1.2.2. Employee shall also attend the meetings of other agencies as directed by the Board of Directors from time to time, including but not limited to the Board of Directors of the Antelope Valley-East Kern Water Agency as well as for meetings taking place outside the Antelope Valley area.
 - 3.1.2.2.1. In the event that Employee is required to attend meetings outside the Antelope Valley area, Employer shall reimburse Employee for reasonable out-of-pocket expenses incurred,

including meals, hotels, fuel and mileage, and other similar expenses.

- 3.1.2.3. Employee shall have the power to enter into contracts on behalf of Employer. Such power shall include the ability to sell water to other entities and persons as may arise from time to time. However, Employee shall not enter into any contract on behalf of Employer on his own authority which either (a) requires expenditure by Employer of more than five thousand dollars (\$5,000.00) or (b) binds Employer to performance of duties for a period of one year or more. All such contracts shall be preliminary only and will require approval by the Board of Directors.
- 3.2. Employee shall not pursue other full-time employment at any time while employed by Employer.
 - 3.2.1. Employer's operational hours are anticipated to be approximately eight hours per day, Monday through Thursday, beginning at 7:00 a.m. and every other Friday, beginning at 7:00 a.m.
 - 3.2.1.1. Outside operational hours, including, but not limited to, all Fridays, weekends, vacation, personal days, and holidays Employee is expected to be available by telephone or other similar electronic methods at all times, whether or not those times are during operational hours, for significant Employer issues and emergencies; with the exception that if employee is on vacation and will be in a location that is inaccessible by electronic methods in which case Employee shall arrange for another employee to be available for emergencies. Employee may take an approximately one hour per day for meals.
 - 3.2.2. During the term of this contract, Employee is prohibited from engaging in self-employment other than that which is consistent with the terms and conditions described in paragraph 3.2.1. Self-employment is considered full-time, outside employment or business activity in which Employee is a principal.
 - 3.2.2.1. Employer encourages Employee to teach persons in subject areas that are applicable to the water industry. Employee may teach in any subject area as long as this teaching does not unreasonably interfere with Employer business.
 - 3.2.3. Employment by a business entity which Employee owns or controls a majority share of voting or controlling interest is considered full-time, outside employment and during the term of this contract, Employee is prohibited from engaging in employment by such an entity, other than that which is consistent with the terms and conditions described in paragraph 3.2.1.
 - 3.3. Employee shall, in all cases where practicable, provide notice in writing to Employer of Employee's election to terminate his employment not less than four weeks prior to the effective date of such termination.
 - 3.4. In the case were the Employer no longer desires the services of Employee, the Employee will receive a severance package of one year's salary equal to the Employees current pay.
 - 3.5. Employee shall be compensated for services as follows:
 - 3.5.1. Employer desires to pay Employee a salary corresponding to the competitive salary for other general managers of corresponding public water suppliers. Employee shall

be paid an Adjusted Salary. The Adjusted Salary shall be calculated by applying the cost of living as described in section 3.4.1.2 to the base salary set forth in paragraph 3.4.1.1. Subsequent year cost of living increases shall be applied to the prior year base salary, as adjusted by cost of living.

- 3.5.1.1. As of the date of signing of this Agreement, employee's current annual pay will be the basis for all future calculations.
- 3.5.1.2. Effective January 1st of each year this Agreement is in effect up through and including December 31, 2019. Employee shall receive an annual raise of 3% annually.
- 3.5.1.3. Effective the first day of the first pay period that includes July 1st of every year, there shall be an across-the-board increase equal to the Consumer Price All Items Index for Urban Wage Earners and Clerical Workers (CPI-W) for Los Angeles-Anaheim-Riverside (1982-84=100) May/May (published about June 15)

3.5.2. The Adjusted Base Salary shall be payable at the same time interval as that paid to other employees of Employer, starting on the first day of each year. Taxes, social security, unemployment insurance, and other required deductions shall be withheld from Employee's salary as required by law.

3.6. benefits and Reimbursements

- 3.6.1. District shall provide through ACWA/JPIA Blue Cross Advantage Plan. Employee may enroll as an individual employee, for employee and employee's Spouse or for employee's entire family. District shall pay 100% of the cost of the "Advantage Plan" as described in Insurer on January 1, 2010 for each employee's family status, or the nearest equivalent in the event that Insurer's plans change thereafter.
- 3.6.2. Additionally, the District shall continue to provide dental, vision and life insurance at the benefit level in effect on January 1, 2014
- 3.6.3. An eligible employee shall have the option of retiring from the District according to the contract the District has with the Public Employees' retirement system (PERS) to provide what is commonly called "local Miscellaneous 2%@ 55" retirement, plus other contracted optional benefits.
- 3.6.4. The District shall contribute to PERS as Employer Paid Member Contribution all of the normal member contributions to PERS for employee retirement.
- 3.6.5. The District shall continue to provide for a deferred compensation program as was in effect on January 1, 2014
- 3.6.6. Employee leave benefits (Annual Leave, Sick Leave, Bereavement Leave...) shall be consistent with all employees employed by the District as of January 1, 2014.

3.7. Employee acknowledges that he is a "Managerial" and employee for the purposes of the Federal Fair Labor Standards Act and the California Labor Code and regulations promulgated thereunder. Employee's work is expected to include greater than half of all time spent in employment-related activities in the exercise of independent judgment, decision-making affecting the general and overall course of business activities of Employer, and the hiring, firing, discipline, control, training, direction, and supervision of other employees.

3.8. Employee represents and affirms to Employer that Employee is able to perform all functions and duties described hereunder and reasonably anticipated to arise pursuant to

this agreement both with respect to Employee's skills, knowledge, training, and abilities, and with respect to Employee's legal ability to discharge said functions and duties, including that Employee is not party to any contract or obligation which would prevent or obstruct his performance hereunder, and that Employee is presently ready, willing, and able to perform hereunder to the best of his abilities.

4. Interpretation

- 4.1. This Agreement and any other documents referred to herein shall, in all respects, be interpreted, enforced and governed under the laws of the United States of America and the State of California.
- 4.2. In the event any term of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall remain valid and enforceable.
- 4.3. This agreement constitutes the whole and entire agreement between the parties, and any and all prior oral and written negotiations are subsumed into this agreement. All prior oral understandings, agreements and writings are expressly superseded hereby, and are of no further force or effect.
- 4.4. This agreement is the result of arms' length negotiation between the parties and the result of negotiation between them. Neither party shall be considered the "offerror" or "offeree" and this agreement shall be interpreted neutrally at all times to both parties with intent to give effect to the mutual intent of the parties.
- 4.5. Both parties to this agreement have read and understand the agreement completely, had an opportunity to review this agreement and consult with counsel of their choice regarding the terms of this agreement prior to entering into the agreement.

5. In the event of any dispute arising under or related to the terms of this agreement:

- 5.1. The parties agree to mediation of all disputes arising out of this agreement before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim arising hereunder, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if that party would otherwise have been able to recover attorneys fees.
- 5.2. Employee agrees that he will settle any and all previously unasserted claims, disputes or controversies arising out of or relating to his application or candidacy for employment, employment and/or cessation of employment with Employer, exclusively by final and binding arbitration before a neutral Arbitrator. By way of example only, such claims include claims under federal, state, and local statutory or common law, such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, including the amendments of the Civil Rights Act of 1991, the Americans with Disabilities Act, the law of contract and the law of tort.
- 5.3. The venue for resolution of all disputes shall be in Los Angeles County, California. This shall apply to mediations, arbitrations, and court actions. The parties consent to the jurisdiction of the Superior Court of the State of California in and for the County of Los Angeles for all purposes.
- 5.4. In the event of a lawsuit or arbitration arising out of or related to the terms of this Agreement, the party prevailing in that action shall recover attorney's fees reasonably incurred in the prosecution or defense of that action. This provision shall apply to actions and cross-actions equally.

6. Miscellaneous


- 6.1. The parties agree to execute any and all further documents necessary to fulfill the purposes and objects of this agreement.
- 6.2. This agreement may not be modified except in a writing signed by both parties.
- 6.3. This agreement is for personal services between the parties hereto, and may not be assigned or delegated by either party without the prior written consent of the other party.
- 6.4. This agreement may be executed in counterparts, both of which together shall be deemed to constitute one and the same document.
- 6.5. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal representatives, successors in interest and assigns of the respective parties hereto.
- 6.6. Time is of the essence in the performance of this agreement.
- 6.7. Paragraph headings are for convenience only and are not intended to expand or restrict the scope or substance of the provisions of this agreement.
- 6.8. Wherever used herein, the singular shall include the plural, the plural shall include the singular, and pronouns shall be read as masculine, feminine or neuter as the context requires.

IT IS AGREED AS SET FORTH ABOVE.

Date: 12/5/14


Chad J. Reed
Employee

Date: 12/5/14


Allen Flick
President, Board of Directors
Quartz Hill Water District
Employer

Ratified on 12/5/14


Debi Pizzo
Board Secretary