

Tuolumne Utilities District
EMPLOYMENT AGREEMENT

This Agreement is made by and between Tuolumne Utilities District, Tuolumne County, California, a County Water District formed under applicable provisions of the California Water Code (hereinafter referred to as "District") and Peter J. Kampa, an individual to be employed by the District (hereinafter referred to as "General Manager").

Recitals

The District's Board of Directors wishes to enter into an employment contract with Peter J. Kampa, to secure his professional services as General Manager of the District.

NOW THEREFORE IT IS AGREED by the DISTRICT and PETER J. KAMPA, as follows:

DUTIES: The General Manager shall perform the duties as prescribed by the Board of Directors and as outlined in the July 2006 job description for the position of General Manager. The General Manager shall execute all powers and duties in accordance with the policies adopted by the Board, the provisions of the California Water Code, Government Code and all other applicable provisions of law. The General Manager shall perform essential functions and responsibilities and duties that shall include, but not be limited to, the following:

- Provides overall executive direction of day-to-day and long-term operations and activities of the District, organizing and assigning responsibilities, and directing and overseeing the management provided by subordinate managers.
- Provides general direction on the design, construction, operation, and maintenance of District facilities.
- Within guidelines established by the Board, directs the establishment of overall strategic plans, long-term goals, and objectives.
- Keeps the Board of Directors advised of District activities and laws, issues or problems that may affect District operations.
- Review and implement policies adopted by the Board and make appropriate recommendations to the Board.
- Represents the Board of Directors and the District in contacts with various federal, state and local government agencies, community groups and businesses, and other professional organizations.
- Negotiates a variety of contracts and agreements on the District's behalf.
- Oversees preparation and implementation of the annual District budget.
- Monitors and implements all personnel rules and regulations.
- Responds to and resolves difficult and sensitive customer inquiries and complaints.
- Endeavor to maintain and improve his professional proficiency.

GENERAL MANAGER AND BOARD RESPONSIBILITIES: The Board of Directors is the governing body of the District. The General Manager shall have the primary responsibilities for the execution of District Policy, whereas the Board shall retain the responsibility of formulating and adopting said policy.

PERSONNEL MATTERS: The General Manager shall have the additional responsibility of organizing, reorganizing and arranging the District's employees, including administrative and supervisory staff, and staff in charge of business affairs, which, in his judgment, would best serve the District. It is, however, understood and agreed that these responsibilities are specifically limited by the fact that the Board of Directors of the District must specifically approve the creation and authorization of positions, establishment and adjustment of pay scales, and the organizational chart. The Board, at its discretion, may refer criticisms, complaints and suggestions called to their attention to the General Manager for study and recommendation.

TERM OF EMPLOYMENT AND COMPENSATION: the District shall employ the General Manager for the term of December 4, 2006 through December 4, 2011.

The General Manager shall be paid the annual sum of one hundred twenty five thousand dollars (\$125,000) per year effective December 4, 2006 for his full-time services, accruing neither overtime nor compensatory time, prorated and payable semi-monthly, subject to the following adjustments:

- a) On July 1, 2007 and each year thereafter, the General Manager shall receive a cost of living salary increase the same as afforded to the other regular employees of the District as approved by the Board.
- b) Following an annual performance evaluation by the Board of Directors on or before April 1 of each year, and upon receipt of a satisfactory or better performance evaluation, the Board of Directors shall determine if a merit based salary increase is warranted and act accordingly. The amount of the merit salary increase shall be 5%, less the percent cost of living adjustment increase provided pursuant to paragraph (a) in the current fiscal year.

FRINGE BENEFITS: The General Manager shall be afforded such fringe benefits of employment as are granted to the District's regular employees as may be specified in the Personnel Policy of the District's Board Policy Manual, except for those benefits addressed in this Employment Agreement:

- a) **Use of District Vehicle:** The General Manager shall have access to a District vehicle for his use in travel related to District business, pursuant to approved budgets, including travel to and from District meetings, training, and classes but excluding travel to and from home.
- b) **Vacation:** The General Manager shall accrue vacation leave according to the following schedule for the duration of this contract:

Years of service	Accrual per pay period	Days per year
0 - 9 years	4.62 hours	15 days
10 - 19 years	6.15 hours	20 days
20 years & over	7.69 hours	25 days

- c) Administrative Leave: The General Manager shall receive 12 days (96 hours) of Administrative Leave per year. The 12 days will appear on the first payroll check in January and at least six of those days must be used during the calendar year or will be forfeited. The remaining unused Administrative Leave will be paid at the end of December of each year.

PERFORMANCE OBJECTIVES: No later than April 1 of each year, under this Agreement, the General Manager shall meet with the Board to identify the District's and General Manager's performance objectives for the following year. Said performance objectives shall be proposed by the General Manager in writing and submitted to the Board for approval. If the Board does not approve said performance objectives, they shall establish reasonable performance objectives following consultation with the General Manager. The performance objectives shall not be inconsistent with the duties and responsibilities set forth in this Agreement.

EVALUATION: No later than April 1 of each year, the Board shall evaluate the performance of the General Manager. The evaluation shall be based on the duties and agreed upon performance objectives.

TERMINATION AND DISMISSAL: The General Manager shall serve at the will and pleasure of the District Board of Directors and may be terminated at any time, with or without cause. Nothing in this Agreement shall be construed to prevent the District from terminating this Agreement and the services of the General Manager at its sole discretion. The following provisions shall apply to termination and dismissal:

- a) If the Board of Directors terminates the employment of the General Manager without cause prior to the termination date of this Agreement, the District shall pay the General Manager severance pay in an amount equal to his total monthly compensation for twelve (12) months plus continuation of health benefits at District expense for said twelve (12) months.
- b) The Board of Directors shall have the right to discharge the General Manager and terminate this Agreement for cause in the event of any willful breach of duty or of this Agreement by the General Manager in the course of his employment or in the case of the General Manager's habitual neglect of his duties or upon conviction of a felony or a crime involving moral turpitude. In the event of the General Manager's termination for cause, the General Manager shall not be entitled to any severance pay or continuation of health benefits.
- c) The General Manager may terminate this Agreement at any time upon sixty (60) days written notice to the Board of Directors. In the event that the General Manager should exercise his option to terminate this Agreement (resign from District employment), the General Manager shall not be entitled to any severance pay or continuation of health benefits.
- d) In the event of the General Manager's termination without cause, the severance pay and other benefits provided in this Agreement shall be the General Manager's sole remedy.
- e) The District's most current Personnel Policy shall apply except for those provisions outlined in this Employment Agreement which shall supercede the Personnel Policy.

APPLICABLE LAW: This Agreement shall be constructed in accordance with, and governed by the laws of the State of California. Should any provision of this Agreement be determined by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall nevertheless be binding and effective.

EFFECTIVE DATE AND TERM: This agreement shall be effective on December 4, 2006. At the end of the term, the agreement shall automatically be extended for an additional year to December 4, 2012, unless the board advises the General Manager, in writing, prior to November 4, 2011 that it does not intend to extend this agreement.

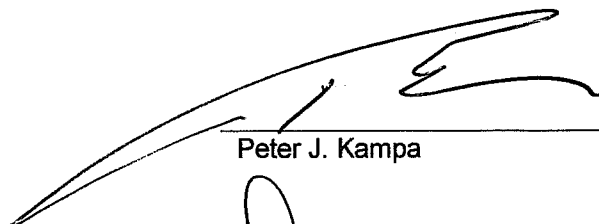
Upon the expiration of this Agreement at the end of its term or any extended term, the General Manager shall not be entitled to any severance pay or continuation of health benefits, except those limited to the provision of COBRA benefits.

ENTIRE AGREEMENT: This Agreement constitutes the entire Agreement between the District and the General Manager and supersedes all prior agreements respecting the same subject, provided however, that all practices as described in the Personnel Policy of the District's Board Policy, as they now exist or may hereafter be amended shall apply to the General Manager, unless contrary to specific provisions of this Agreement.

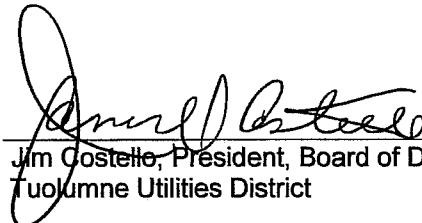
Each party agrees and acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or any one acting on behalf of any party, which are not included herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

AMENDMENTS: Any modifications of this Agreement will be effective only if in writing and signed by both the General Manager and the District.

Dated this 10th day of October, 2006



Peter J. Kampa



Jim Costello, President, Board of Directors
Tuolumne Utilities District



Casey Prunehak, District Secretary