

EMPLOYMENT AGREEMENT

GENERAL MANAGER/CHIEF ENGINEER

This Employment Agreement is effective July 1, 2014 through June 30, 2015 between SAN GORGONIO PASS WATER AGENCY ("Pass Agency") and JEFFREY W. DAVIS ("General Manager/Chief Engineer").

1. RECITALS

- 1.1 General Manager/Chief Engineer has been employed by Pass Agency in such capacity since July 13, 2005 pursuant to a Memorandum of Employment terminable at-will by either party according to the terms thereof.
- 1.2 General Manager/Chief Engineer has notable, special skills and abilities concerning water district management, water supplies and water policies, as well as knowledge of Pass Agency's mission and goals as a State Water Contractor to supply State Water Project water to the San Gorgonio Pass Water Agency.
- 1.3 Pass Agency desires to extend the term of employment of the General Manager/Chief Engineer in order to continue the application of his experience, skills, abilities, background, and knowledge in the water industry to the administration, programs, and policies of the Pass Agency pursuant to the terms and conditions of this Employment Agreement.
- 1.4 General Manager/Chief Engineer desires to extend the term of employment by the Pass Agency as General/Chief Engineer on such terms and conditions as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and conditions in this Employment Agreement, it is agreed as follows:

2. **DUTIES, RESPONSIBILITIES, AND AUTHORITY.** General Manager/Chief Engineer shall devote his best efforts to utilize his experience, abilities, special skills, and knowledge to the fullest extent that is reasonably possible to carry out his duties, responsibilities, and authority as set forth in this Employment Agreement. His duties, responsibilities, and authority shall include, but not be limited to, the following:

- 2.1 Be responsible for administration and the activities of the Pass Agency under the direction and guidance of the Board of Directors. Direct, organize, plan, manage, administer, and supervise Pass Agency staff and handle all personnel matters including, but not limited to, hiring and termination of staff members.
- 2.2 Plan, direct, and coordinate, through subordinate level managers, Pass Agency's work plan; meet with management staff to identify and resolve problems; assign projects and programmatic areas of responsibility; review and evaluate work methods and procedures.

- 2.3 Select, train, motivate, and evaluate Pass Agency personnel.
- 2.4 Attend regular and committee meetings of the Pass Agency Board of Directors and meetings of the Pass Agency office staff. When directed by the Board or when it would be for the benefit of Pass Agency, attend and represent Pass Agency at meetings, conferences, and other activities of water associations and organizations of which Pass Agency is a contracting agency or a member and such other meetings and activities in which Pass Agency has an interest. Need approval of the Board to hold office in above-mentioned organizations.
- 2.5 Advise and consult with the President of the Board, Board members, Board Secretary, attorneys, consultants, and engineers, preparing and providing them with information, reports and studies regarding Pass Agency functions and issues of concern to Pass Agency which they request or which is necessary to the performance of their duties.
- 2.6 Assume Full management responsibility for all Pass Agency services and activities and recommend and administer Board policies and procedures.
- 2.7 Manage the development and implementation of Pass Agency goals, objectives, policies, and priorities; establish, within pass Agency policy, appropriate service, and staffing levels; allocate resources accordingly.
- 2.8 Continuously monitor and evaluate the efficiency and effectiveness of service delivery methods and procedures; assess and monitor work load, administrative and support systems and internal reporting relations; identify opportunities for improvement; direct implementation of changes.
- 2.9 Subject to 2.4 above, represent Pass Agency to outside agencies and organizations; explain, justify, and advocate Pass Agency programs, policies, and activities; negotiate and resolve sensitive, significant, and controversial issues, and keep the Board informed on such matters.
- 2.10 Direct development and administration of Pass Agency's budget; direct the forecast of additional funds needed for staffing, equipment, materials, and supplies; direct the monitoring of and approve expenditures; direct the preparation of and implement budgetary adjustments for approval by the Board.
- 2.11 Coordinate Pass Agency activities with outside agencies and organizations; provide staff assistance to the Board of Directors; prepare staff reports and other necessary correspondence.
- 2.12 Subject to Board approval, attend and participate in professional group meetings; stay abreast of the trends and innovations in the field of water distribution management and keep the Board informed on such matters.
- 2.13 Plan Board of Directors' agenda; prepare resource and background materials for agenda items; recommend Board action.

- 2.14 Represent the Board in employee association negotiations.
- 2.15 Develop and negotiate agreements with developers for Board consideration and action.
- 2.16 Respond to and resolve difficult and sensitive citizen inquiries and complaints.
- 2.17 Perform related duties and responsibilities as required.
- 2.18 Conduct the business and functions of Pass Agency, including, but not limited to, the purchase of water from the Department of Water Resources, sale of water to Pass Agency's customers and collection of water rates, fees, assessments, and other revenues of Pass Agency.
- 2.19 Be responsible for carrying out the duties and obligations of Pass Agency pursuant to any and all contracts and/or agreements to which Pass Agency is a party.
- 2.20 Perform the duties of any offices or posts to which the Board appoints the General Manager/Chief Engineer.
- 2.21 Generally do all things necessary to carry out the purposes, policies, and obligations of Pass Agency. Be prepared to perform whatever tasks are necessary to meet emergencies involving Pass Agency and to work evenings, weekends, and holidays when necessary to accomplish these requirements.
- 2.22 Review and become knowledgeable on all programs, policies, contracts, and issues of Pass Agency.
- 2.23 Perform all other authorities and responsibilities established by policy and/or referenced in Pass Agency's Personnel Manual.
- 2.24 Perform such other activities as directed by the Board in order to carry out the goals and objectives of Pass Agency.

3. GENERAL MANAGER/CHIEF ENGINEER OUTSIDE BUSINESS and/or POLITICAL ACTIVITIES

- 3.1 During his employment as General Manager/Chief Engineer, Jeff Davis shall devote his best efforts and such time, energy, interest, attention and ability to the performance pursuant to this Employment Agreement as is fair and reasonably necessary to accomplish his duties in a competent manner.
- 3.2 As General Manager/Chief Engineer, Jeff Davis shall not, without the prior consent of the Board of Directors, devote time, energy, effort, or ability to outside political activities or business interests which will or potentially could interfere with his obligations to perform his duties under this Employment Agreement.

Jeff Davis shall not engage in any outside activity or business interest which conflicts with Pass Agency's interests.

4. **TERM OF EMPLOYMENT**

- 4.1 General Manager/Chief Engineer shall be employed for a term of one year commencing July 1, 2014. In the event Pass Agency elects to terminate this Employment Agreement, it shall give Jeff Davis one hundred eighty- (180) days written notice prior to the effective date of termination. Upon notice of termination by Pass Agency, Jeff Davis shall continue to perform his duties and receive his compensation and benefits as provided hereunder until the effective date of the termination or until he obtains other employment, whichever occurs first. At the option of the Board of Directors, the duties of the General Manager/Chief Engineer 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, Pass Agency may terminate this Employment Agreement with no prior notice or with less than ninety- (90) day written notice provided that Pass Agency shall compensate Jeff Davis by payment of a lump sum severance in the amount of his salary for each month less than the one hundred eighty- (180) day written notice provided hereunder, and shall continue to pay premiums for medical, dental, and vision insurance for the balance of the one hundred eighty (180) days from the notice of termination. In the event Jeff Davis elects to terminate this Employment Agreement, he shall give the Board of Directors at least forty-five (45) days written notice of his intention to do so.
- 4.2 **Performance Evaluation.** No later than June 1st, 2015, the Board shall complete a written performance evaluation of the General Manager/Chief Engineer which shall include performance goals, achievement of goals, and details concerning the performance of duties, responsibilities, and authority as set forth herein. Such evaluation shall include a personal review by an AD HOC Committee appointed by the President of the Board of Directors, which committee shall report to the Board its findings which will be discussed by all members of the Board who will then agree to the final evaluation which will be discussed with the General Manager.
- 4.3 Pass Agency may terminate this Employment Agreement at any time without prior notice if Jeff Davis commits any material act of dishonesty, discloses confidential information, is guilty of gross carelessness or misconduct, or unjustifiably neglects his duties under this Employment Agreement, or acts in any way that has a direct, substantial, and adverse effect on Pass Agency. This Employment Agreement shall be terminated upon Jeff Davis' death or mental or physical disability which prevents him from satisfactorily performing his duties hereunder in his normal and regular manner for a period exceeding four months. In the event of termination pursuant to this Section, Jeff Davis shall not be entitled to prior written notice or continuation of compensation or benefits.

5. **OFFICE FACILITIES AND PERQUISITES.** General Manager shall be provided with office facilities, equipment (including cellular telephone and service, such as and including Blackberry device and service), secretarial and clerical personnel, Pass Agency credit card for Agency business, supplies, and services necessary for carrying out his duties under this Agreement. In addition, General Manager shall be provided the following perquisites:

5.1 **Pass Agency Automobile.** A Pass Agency automobile shall be provided as determined by the Board as required for the performance of General Manager's duties. Use of said automobile shall conform to Agency policies regarding Agency vehicles as amended from time-to-time.

5.2 **Medical and Dental Insurance, Coverage.**

5.2.1 **Medical.** General Manager shall be a fully covered Employee as provided by the Pass Agency's California Public Employees Retirement System ("PERS") and Personnel Manual.

5.2.2 **Dental Insurance.** General Manager shall be a fully covered Employee as provided by the Pass Agency's ACWA Health Benefits Authority ("ACWA HBA") and Personnel Manual.

5.2.3 **Coverage.** The Board shall adopt a resolution to implement such medical and dental coverage as required, from time-to-time, to provide coverage. The medical Annual Payment shall be provided after General Manager's retirement, as authorized by law, including Government Code § 53200 et seq., for as long as such coverage is available, and until such coverage terminates pursuant to the terms of the PERS insurance program. It is the intention that this obligation shall survive the termination of General Manager's employment with Pass Agency, except for termination for cause by Pass Agency pursuant to Section 8.0.

5.3 **Retirement Benefits.** Pass Agency shall enroll General Manager in the California Public Employees Retirement System. Subject to the term of this Agreement, Pass Agency shall pay the Employer's contribution to the System, and the Employee's contribution to the system as follows: Effective January 1, 2013, the General Manager shall pay 1% of the Employee's contribution and the Employer shall pay 7%. Effective January 1, 2014, the General Manager shall pay 2% of the Employee's contribution and the Employer shall pay 6%. Effective January 1, 2015, and subsequent years, the General Manager shall pay 3% of the Employee's contribution and the Employer shall pay 5%.

5.4 **Sick Leave and Bereavement Leave.** General Manager shall be entitled to twelve (12) days per year as sick/bereavement leave. Sick/bereavement leave shall be accumulated at the rate of one (1) day per month and shall continue to accrue until date of retirement/termination of this Agreement, at which time one-half (1/2) of the sick/bereavement days accumulated will be paid to General Manager.

- 5.5 **Vacation.** General Manager shall be entitled to three (3) weeks each year (fifteen (15) working days), subject to the terms and conditions set forth in the Pass Agency Employee Guide Manual. After the ninth year of employment, vacation time shall increase to twenty (20) days per year. In addition to the specified vacation days, General Manager shall be entitled to five (5) Personal Time Off (“PTO”) days. Vacation days not used will be carried over and may accrue up to forty (40) days, unless otherwise approved by the Board of Directors and, upon General Manager’s retirement/termination, will be paid in full in cash. The number of PTO days is subject to periodic revision by the Board of Directors.
6. **SALARY.** Effective July 1, 2014, the gross salary shall be One Hundred Seventy Two Thousand, Five Hundred Eighty-Four Dollars (\$172,584) per year. This includes a merit increase of 3.5% and a Cost of Living Adjustment increase of 1.5% over the contract for July 1, 2013.
7. **MEMBERSHIPS.** The Pass Agency shall pay membership dues for the General Manager for the American Water Works Association and the American Society of Civil Engineers, which are required in order for the General Manager to successfully fulfill his duties, and such other memberships as authorized by the Board of Directors.
8. **EXPENSES.** During the term of this Agreement, Pass Agency shall reimburse General Manager for reasonable out-of-pocket expenses incurred in connection with Pass Agency’s business, including long-distance telephone calls, copy charges, travel expenses, and food and lodging while away from home, subject to such policies as Pass Agency may, from time-to-time, reasonably establish.
9. **TERMINATION**
- 9.1 This Agreement may be terminated for cause by Pass Agency or General Manager. The effective date of any termination by Pass Agency shall, in any event, not take place within six (6) months after the date of the November election of members to the Board of Directors.
- 9.2 Employer may terminate this Agreement for cause, including, but not limited to, material breach by Employee, if any, of the covenants under this Agreement that Employee shall fail to cure within ten (10) days after Notice of Default.
10. **INTEGRATION.** This Agreement and the “San Gorgonio Pass Water Agency Employee Guide Manual” constitute the entire Agreement between the parties and supersedes all prior oral and written agreements, understandings, commitments, and practices between the parties, including all prior employment agreements. No changes, modifications, or amendments to this Agreement may be made, except by a writing signed by both parties.
11. **CHOICE OF LAW.** The formation, construction, and performance of this Agreement shall be construed in accordance with the laws of California.

12. **NOTICE.** Any notice to Pass Agency required or permitted under this Employment Agreement shall be given in writing to Pass Agency, either by personal service or by registered or certified mail, postage prepaid, addressed to the Board of Directors, San Gorgonio Pass Water Agency, 1210 Beaumont Avenue, Beaumont, CA 92223. Any such notice to General Manager shall be given in a like manner and, if mailed, shall be addressed to General Manager at his home address then shown in Pass Agency's files. For the purpose of determining compliance with any time limit in this Employment Agreement, a notice shall be deemed to have been duly given (a) on the date of service, if served personally on the party to whom notice is to be given; or (b) on the fifth (5th) business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this Section.

13. **FORM: SEVERABILITY.** If any provision of this Employment Agreement is held invalid or unenforceable, the remainder of this Employment Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

Dated: 7/28/2014

By John R. Jeter

JOHN R. JETER, PRESIDENT
SAN GORGONIO PASS WATER AGENCY

Dated: 7-28-14

By Jeffrey W. Davis

JEFFREY W. DAVIS
GENERAL MANAGER/CHIEF ENGINEER

**SAN GORGONIO PASS WATER AGENCY: FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT – GENERAL MANAGER/ CHIEF ENGINEER**

This First Amendment to Employment Agreement (this “First Amendment”) between the SAN GORGONIO PASS WATER AGENCY (the “Pass Agency”) and JEFFREY W. DAVIS (the “General Manager/ Chief Engineer”), is entered into this 5th day of October 2015. Except as modified in this First Amendment the Employment Agreement between the Agency and the Employee shall remain in full force and effect. The parties to this First Amendment agree to the following changes:

The Introduction is hereby amended as follows:

“This Employment Agreement is effective July 1, 2015 through June 30, 2018 between the SAN GORGONIO PASS WATER AGENCY (the “Pass Agency”) and JEFFREY W. DAVIS (the “General Manager/ Chief Engineer”).”

Section 4 entitled “TERM OF EMPLOYMENT” is hereby amended as follows:

4. TERM OF EMPLOYMENT.

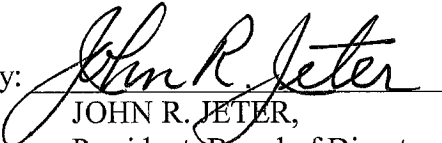
“4.1 General Manager/ Chief Engineer shall be employed for a term of three years commencing July 1, 2015. In the event Pass Agency elects to terminate this Employment Agreement prior to the end of its term, it shall give the General Manager/ Chief Engineer one hundred eighty (180) days written notice prior to the effective date of termination. Upon notice of termination by the Pass Agency, the General Manager/ Chief Engineer shall continue to perform his duties and receive his compensation and benefits as provided hereunder until the effective date of the termination or until he obtains other employment, whichever occurs first. At the option of the Board of Directors, the duties of the General Manager/ Chief Engineer may be modified or reduced during the period between the notice of termination and the effective date of termination, provided that compensation and benefits will continue at the levels provided herein.

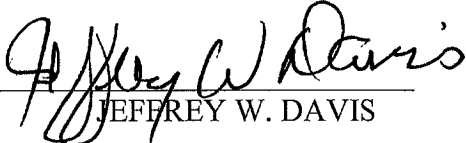
“Notwithstanding the foregoing, Pass Agency may terminate this Employment Agreement with no or less prior notice. In such case, the General Manager/ Chief Engineer shall be entitled to the following severance in accordance with the terms of California Government Code sections 53260, et seq.: An amount equal to one hundred and eighty (180) days of the Employee’s then base salary or the remainder of the term of this Agreement, whichever is less. The Pass Agency shall pay premiums for medical, dental, and vision insurance for the balance of the one hundred and eighty (180) days, to the extent the Pass Agency provides less-than such notice prior to termination. In the event that the General Manager/ Chief Engineer elects to terminate this Employment Agreement, he shall give the Board of Directors at least forty five (45) days written notice of his intention to do so.

“...”

The Pass Agency and the General Manager/ Chief Engineer have duly executed this First Amendment to Employment Agreement as of the date first written above.

SAN GORGONIO PASS WATER AGENCY

By: 
JOHN R. JETER,
President, Board of Directors


JEFFREY W. DAVIS

**SAN GORGONIO PASS WATER AGENCY: SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT – GENERAL MANAGER/ CHIEF ENGINEER**


This Second Amendment to Employment Agreement (this "Second Amendment") between the SAN GORGONIO PASS WATER AGENCY (the "Pass Agency") and JEFFREY W. DAVIS (the "General Manager/ Chief Engineer"), is entered into this 3rd day of October, 2016. Except as modified in this Second Amendment and the preceding First Amendment, the Employment Agreement, first dated July 28, 2014, between the Agency and the Employee shall remain in full force and effect. The parties to this Second Amendment agree to the following changes:

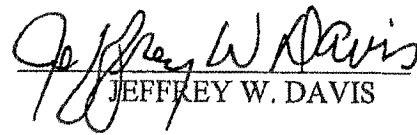
Section 6 entitled "SALARY" is hereby amended to reflect a three percent (3%) cost of living adjustment as follows:

"5. SALARY. Effective July 1, 2016, the gross salary shall be One Hundred and Seventy Seven Thousand, Seven Hundred and Sixty Two Dollars (\$177,762.00) per year. Additional increases during the term of this Agreement must be expressly approved by the Board and memorialized by subsequent written amendment to this Agreement."

The Pass Agency and the General Manager/ Chief Engineer have duly executed this Second Amendment to Employment Agreement as of the date first written above.

SAN GORGONIO PASS WATER AGENCY

By: 
JOHN R. JETER,
President, Board of Directors


JEFFREY W. DAVIS

**SAN GORGONIO PASS WATER AGENCY: THIRD AMENDMENT TO
EMPLOYMENT AGREEMENT – GENERAL MANAGER/ CHIEF ENGINEER**

This Third Amendment to Employment Agreement (this “Third Amendment”) between the SAN GORGONIO PASS WATER AGENCY (the “Pass Agency”) and JEFFREY W. DAVIS (the “General Manager/ Chief Engineer”), is entered into this 17th day of July, 2017. Except as modified in this Third Amendment, and the preceding First and Second Amendments, the Employment Agreement, first dated July 28, 2014, between the Agency and the Employee shall remain in full force and effect. The parties to this Third Amendment agree to the following changes:

The Introduction is hereby amended as follows:

“This Employment Agreement is effective July 1, 2017 through June 30, 2020 between the SAN GORGONIO PASS WATER AGENCY (the “Pass Agency”) and JEFFREY W. DAVIS (the “General Manager/ Chief Engineer”).”

Section 4 entitled “TERM OF EMPLOYMENT” is hereby amended as follows:

“4. TERM OF EMPLOYMENT.

“4.1 General Manager/ Chief Engineer shall be employed for a term of three (3) years commencing July 1, 2017. In the event Pass Agency elects to terminate this Employment Agreement prior to the end of its term, it shall give the General Manager/ Chief Engineer one hundred eighty (180) days written notice prior to the effective date of termination. Upon notice of termination by the Pass Agency, the General Manager/Chief Engineer shall continue to perform his duties and receive his compensation and benefits as provided hereunder until the effective date of the termination or until he obtains other employment, whichever occurs first. At the option of the Board of Directors, the duties of the General Manager/ Chief Engineer may be modified or reduced during the period between the notice of termination and the effective date of termination, provided that compensation and benefits will continue at the levels provided herein.

“Notwithstanding the foregoing, Pass Agency may terminate this Employment Agreement with no or less prior notice. In such case, the General Manager/ Chief Engineer shall be entitled to the following severance in accordance with the terms of California Government Code sections 53260, et seq.: An amount equal to one hundred and eighty (180) days of the Employee’s then base salary or the remainder of the term of this Agreement, whichever is less. The Pass Agency shall pay premiums for medical, dental, and vision insurance for the balance of the one hundred and eighty (180) days, to the extent the Pass Agency provides less-than such notice prior to termination. In the event that the General Manager/ Chief Engineer elects to terminate this Employment Agreement, he shall give the Board of Directors at least forty five (45) days written notice of his intention to do so. “...”

Section 6 entitled "SALARY" is hereby amended to reflect a seven percent (7%) adjustment on July 1, 2017 and a three percent (3%) on July 1, 2018, as follows:

"6. SALARY. Effective July 1, 2017, the gross salary shall be One Hundred and Ninety Thousand, Two Hundred and Five Dollars and Thirty Four Cents (\$190,205.34) per year. Effective July 1, 2018, the gross salary shall be One Hundred and Ninety Five Thousand, Nine Hundred and Eleven Dollars and Fifty Cents (\$195,911.50) per year. Additional increases during the term of this Agreement must be expressly approved by the Board and memorialized by subsequent written amendment to this Agreement."

The Pass Agency and the General Manager/ Chief Engineer have duly executed this Third Amendment to Employment Agreement as of the date first written above.

SAN GORGONIO PASS WATER AGENCY

By: David Fenn
DAVID FENN
President, Board of Directors

Jeffrey W. Davis
JEFFREY W. DAVIS