

**FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT
(GENERAL MANAGER)
(SCOTT CARROLL)**

This Amendment to Agreement is made this 15th day of March, 2011, by and between the Costa Mesa Sanitary District, a sanitary district established pursuant to Health and Safety Code Section 6400 *et seq.*, ("District") and Scott Carroll ("General Manager") with reference to the following facts:

RECITALS

WHEREAS, District hired General Manager after a competitive search and entered into an employment agreement dated January 4, 2010 with General Manager (hereinafter referred to as "Agreement"); and

WHEREAS, the Board has reviewed the General Manager's performance and has authorized the President to negotiate modifications to the Agreement consistent herewith; and

WHEREAS, after the Board reviewed General Manager's performance for the year, it has determined that he is entitled to a 4% raise and an adjustment in his severance pay from six (6) to nine (9) months; and

WHEREAS, all employees of the District were also authorized a 1.4% increase for cost of living and the Board has determined that the General Manager should also be provided with the same cost of living increase; and

WHEREAS, the President and General Manager were able to reach agreement on the above and desire to amend the Agreement to reflect those modifications;

In consideration of the above, the parties do now AGREE as follows:

AGREEMENT

Section 1. That Section 3 of the Agreement is hereby amended to read:

"3. TERMINATION AND SEVERANCE PAY

A. In the event the Board of Directors determines to terminate Manager, it agrees to give him two hundred seventy (270) days notice of its intention to do so. The Board of Directors shall then have the option of allowing Manager to work for said two hundred seventy (270) days or may advise Manager that he is relieved of all duties.

B. In the event that the Board of Directors determines to discontinue employment of Manager and to relieve him/her of all duties, and during such time that Manager is willing and able to perform his duties under this Agreement, District agrees to pay Manager, in addition to any other amounts that may be due Manager at the time of separation of employment, payment equal to nine (9) months aggregate salary and benefits which District may elect to pay in a lump sum or monthly for a period of nine (9) months, subject to the following conditions.

C. Such severance pay will only be used to compensate Manager for such time that he is not gainfully employed in a comparable position with another employer.

D. No severance pay will be provided if Manager's employment is discontinued because of his conviction of a felony or commission of any wrongful act involving personal gain to him, just cause, insubordination or malfeasance."

Section 2. That Section 4 of the Agreement is hereby amended to read:

"4. **SALARY**

A. Effective January 4, 2011, District agrees to pay Manager for his services rendered hereunder a base salary of One Hundred Fifty-Eight Thousand One Hundred Eighty-Four Dollars (\$158,184.00) per year in installments at the same time as other employees of the District are paid.

B. In addition, the District agrees that the Board of Directors, shall annually evaluate Manager's performance and may consider adjustments to said base salary and/or other benefits of Manager in such amounts and to such extent as the Board of Directors may determine is desirable and appropriate."

Section 3. That except as expressly modified herein, the terms and conditions of the Agreement shall remain in effect and govern the rights of the parties.

(Signature Next Page)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Agreement to be executed the day and year first above written.

COSTA MESA SANITARY DISTRICT

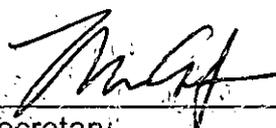
SCOTT CARROLL



President



Signature



Secretary

APPROVED AS TO FORM:



District Counsel