

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

This Second Amendment to Agreement is made this 23rd day of February, 2012, 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 General Manager's performance and increased his compensation and severance pay pursuant to a review that was memorialized in the First Amendment to Employment Agreement; and

WHEREAS, the Board has again reviewed General Manager's performance and has agreed to increase his compensation again in the amount of 5% as a merit 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; and

NOW, THEREFORE, in consideration of the above, the parties do now AGREE as follows:

AGREEMENT

Section 1. That Section 4 of the Agreement is hereby amended to read:

"4. SALARY

A. Effective January 4, 2012, District agrees to pay Manager for his services rendered hereunder a base salary of One Hundred Sixty-Six Thousand Ninety-Three Dollars and Twenty Cents (\$166,093.20) 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

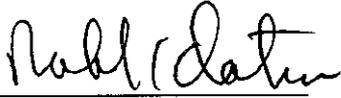
amounts and to such extent as the Board of Directors may determine desirable and appropriate.”

Section 2. That except as expressly modified herein, the terms and conditions of the Agreement, as modified by the First Amendment in so far as increased severance pay is provided, shall remain in effect and govern the rights of the parties.

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

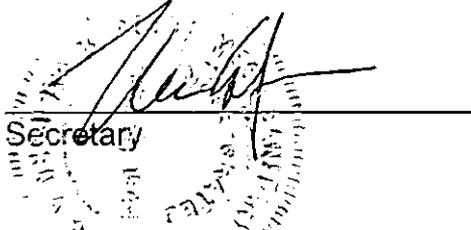
SCOTT CARROLL



President

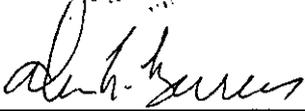


Signature



Secretary

APPROVED AS TO FORM:



District Counsel