

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

This Fourth Amendment to Agreement is made this 24th day of July, 2014, 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, in subsequent years thereafter the Board has reviewed the General Manager's performance and provided increases in his salary and also provided an increase in his severance pay; and

Whereas, in January 2013 the Board provided that the General Manager was to begin paying his own employee share of retirement contributions which was determined to be 7%; and

Whereas, the plan was that the General Manager would pay 2.5% of that retirement contribution in 2013, an additional 2.5% in 2014 and the remaining 2% in 2015; and

Whereas, the General Manager was given a salary increase of 7% in 2013 with the understanding that the General Manager would begin paying 2.5% of his retirement that year and the General Manager did so; and

Whereas, the Board does hereby desire to again increase the General Manager's salary in recognition of his achievements and does hereby agree to pay the General Manager an increase in salary of three percent (3%) provided the General Manager pays an additional two-and—one-half percent (2.5%) of his employee's share of PERS pension cost for a total employee contribution by the General Manager of 5% of the total 7% employee contribution; and

Whereas, the Board still intends to negotiate that the General Manager pay the full 7% in 2015; and

Whereas, the Board has promised to review the General Manager's performance and salary on an annual basis and to provide any adjustments in compensation at that time; and

Whereas, the Board has determined that the performance and compensation review shall begin in January of each year ahead of budget adoption; and

Whereas, the Board has been unable to conduct the review until recently and desires to provide compensation to be retroactive to March 1, 2014; and

Whereas, the Board has further clarified that cost of living increases will not be allowed in addition to the increase described herein;

Now therefore the parties hereto agree as follows:

Section 1. That Section 4 of the Agreement shall be amended to read:

“4. SALARY

A. Effective the first pay period in March 2014, District hereby agrees to pay General Manager for his services rendered hereunder a base salary of \$183,051.31 per year in installments at the same time as other employees are paid. General Manager's anniversary date shall remain January 1, however.

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

Section 2. That the General Manager shall pay 5% as the employee's share of his retirement contribution (currently at 7%) beginning on the first pay period of August, 2014.

Section 3. That 0.5% of the General Manager's 3% salary increase shall be retroactive in the first pay period of March 2014.

Section 4. That no cost of living adjustment shall be provided in addition to such increase.

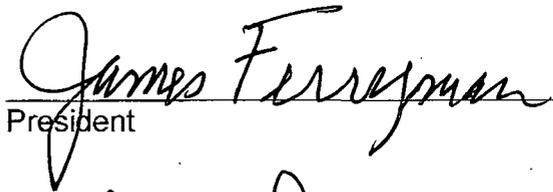
Section 5. That except as expressly modified herein, the terms and conditions of the Agreement, as modified by the First Amendment in so far as severance pay is provided, shall remain in effect and govern the rights of the parties.

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

**Signature Page
Below**

COSTA MESA SANITARY DISTRICT

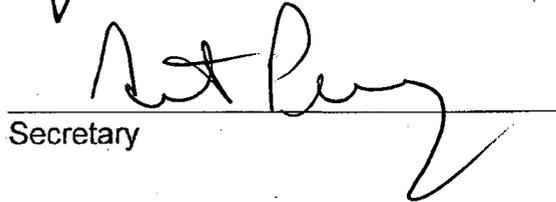
SCOTT CARROLL



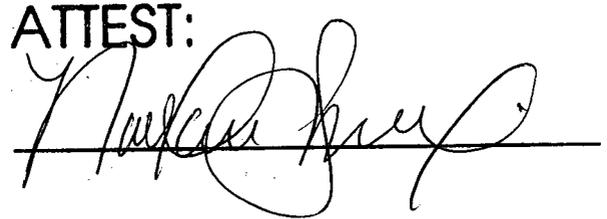
President



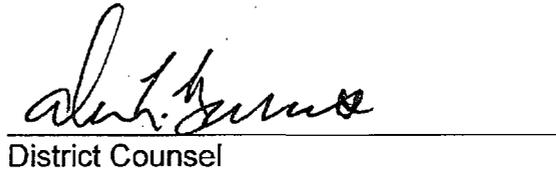
Signature



Secretary

ATTEST:


APPROVED AS TO FORM:



District Counsel