

**EMPLOYMENT AGREEMENT
BETWEEN
BEAUMONT CHERRY VALLEY WATER DISTRICT
AND
ERIC FRASER**

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of July 18, 2011 ("Effective Date"), by and between **BEAUMONT CHERRY VALLEY WATER DISTRICT** (hereinafter referred to as "District") and **ERIC FRASER** (hereinafter referred to as "Fraser" or "General Manager").

RECITALS

A. WHEREAS, the District is a local public agency organized and operating pursuant to Division 11 of the California Water Code; and

B. WHEREAS, on or about July 13, 2011, the District's Board of Directors appointed Fraser as the District's General Manager; and

C. WHEREAS, the District's Board of Directors wishes to enter into an Employment Agreement with Fraser on the terms and conditions provided herein;

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1.0 Incorporation of Recitals. The Recitals set forth above are hereby made a part of this Agreement and are incorporated herein as though set forth in full by this reference.

2.0 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter of this Agreement and this Agreement shall supersede all prior agreements between the parties on this subject matter.

Except as specifically described and included herein, none of the benefits, privileges, or other terms and conditions of employment contained in the District's Policies and Procedures Manuals shall apply to Fraser.

3.0 Employment. The District hereby employs Fraser who accepts such employment, to serve as its General Manager. Fraser shall begin his employment as General Manager on July 18, 2011 and shall continue until terminated as provided herein.

4.0 At-Will. Fraser's employment with District is "at-will", which means that either Fraser or District may terminate this Agreement, and Fraser's employment, at any time, with or without cause. Any modification of the "at-will" nature of the employment relationship must be in writing and executed by both Fraser and the District's Board of Directors.

5.0 Compensation.

5.1 Initial Annual Compensation. Fraser shall be paid an annual base salary of One-Hundred Forty Seven Thousand Six Hundred Dollars (\$147,600.00). Said compensation shall be paid in equal bi-weekly payments.

5.2 Performance Evaluation - Merit Adjustment. On or about July of each year, commencing July, 2012, the District's Board of Directors shall evaluate the performance of Fraser and other relevant factors and shall consider making reasonable adjustments to the annual salary of Fraser, as the Board may deem appropriate, in accordance with such evaluation. The District Board of Directors shall meet and confer with Fraser in regard to such evaluation and the conclusions to be reached therefrom. Salary adjustments, if any, shall be effective August 1. However, it is understood that the District makes no commitment to increase or otherwise adjust Fraser's salary at any particular time on any regular basis.

5.2.2 Performance Objectives. On or about July of each year, commencing July, 2012, the Board of Directors and Fraser shall define goals and performance objectives that they determine necessary for the proper operation of the District and for the attainment of the Board of Director's policy objectives, and shall establish a relative priority among those various goals and objectives which shall be reduced to writing. Such goals and objectives shall reasonably be attainable within the time limitations, as specified, and the annual capital budgets and operating appropriations approved by the Board of Directors.

5.3 Overtime Pay. As an exempt managerial employee, under no circumstances will Fraser be entitled to any overtime pay regardless of the number of hours he may work in any work week.

5.4 Benefits. Fraser will be entitled to and receive the following fringe benefits.

5.4.1 The District shall provide Fraser with a District cell phone, computer and/or other electronic devices as shall be authorized by the Board. All reasonable expenses concerning such electronic devices will be the responsibility of the District. The District shall reimburse Fraser for any use of his personal vehicle in conjunction with conducting the business of the District at standard IRS mileage rates. Fraser shall not be precluded from using District vehicles for District business.

5.4.2 Fraser shall be entitled to eleven (11) District observed holidays per year

5.4.3 Fraser will be entitled to and participate in the California Public Employees Retirement System (PERS). Benefits provided shall include (1) 2.7% at age 55 formula with all prior years of service recognized (California Government Code Section 21354.5), (2) One-year final compensation (California Government Code Section 20042), (3) Post Retirement Survivor Allowance (California Government Code Sections 21624, 21626, & 21628). Fraser shall pay the employee portion for retirement benefits as amended from time to time.

5.4.4 The District shall pay all applicable premiums and provide term life insurance equivalent to the total annual salary as described in this Agreement. The District shall also provide accidental death and dismemberment insurance and long-term disability insurance.

5.4.5 The District shall pay the entire monthly health insurance premium for Fraser and his eligible dependents as determined by the District. A choice of plans provided by PERS shall be available to Fraser.

5.4.6 Fraser shall pay the entire State Disability Insurance premium.

5.4.7 Fraser shall be credited with 240 hours per year which shall be credited each pay period on a pro-rata basis. The first year of benefits, 240 hours, will be credited at the signing of the contract. However, the leave shall be deemed "earned" each month on a pro-rata basis for conversion to cash as provided below. Bereavement leave will be given of up to four days upon the death of any immediate family member. Fraser shall have the option to convert his accrued leave to cash at any time during the term of this Agreement. All unused accrued leave balances shall be paid off upon voluntary or involuntary termination of employment at Fraser's then existing salary.

6.0 Business Expenses. The District shall reimburse Fraser for all reasonable business expenses incurred in connection with District business. Such expenses include but are not limited to expenses incurred in the attendance of regional, state and national conferences, seminars, hearings, and/or meetings that are devoted to matters that relate to the duties of the General Manager. Such expenses also include Fraser's dues for membership in professional organizations, professional certification, and the associated educational requirements for obtaining and/or maintaining those certifications.

6.1 Medical Examination. If an annual or pre-employment medical examination is required, said examination shall be made by a licensed physician mutually approved by the District and Fraser. Prior to such examination, the Board shall provide a list of the physical requirements and essential functions of the General Manager position for presentation to the examining physician. The physician shall provide to the District a

written statement setting forth whether or not Fraser meets such physical requirements and/or any limitations on Fraser's ability to perform the physical requirements and/or essential functions of the position, but shall otherwise keep confidential and shall not provide to the District any other information concerning Fraser. The cost of said medical examination and report shall be paid for by the District.

6.2 Bonding. The District shall bear the full cost of any fidelity or other bonds required of Fraser, in the performance of his duties as General Manager.

6.3 Indemnification. To the full extent of the law, including, but not limited to the California Torts Claims Act (California Government Code Section, 810 et seq.), the District shall defend and indemnify Fraser against any and all losses sustained by Fraser in direct consequence of the discharge of the General Manager's duties within the scope of his employment; provided that no indemnification shall be made for the gross negligence or willful misconduct of Fraser. These provisions shall survive the termination of this Agreement.

7.0 General Manager and Board of Directors Responsibilities.

The General Manager shall be the Chief Executive Officer of the District. As such, the General Manager shall have the responsibility for implementing Board of Directors' policy, whereas the Board of Directors shall retain the responsibility for formulating and adopting said policies.

8.0 Duties.

8.1 The General Manager shall perform such duties as prescribed in the District's Job Description for the position of General Manager and as may be required of him by the District's Board of Directors. The General Manager is the chief executive officer of the District, responsible directly to the District's Board of Directors. The General Manager shall be responsible to the District's Board of Directors for the operation of the District's functions and facilities; plan and carry out all construction work when authorized by the District's Board of Directors necessary or proper to carry out the purposes of the District; make such recommendations to the District's Board of Directors concerning the affairs of the District as may seem desirable to him; prepare and submit to the District's Board of Directors an annual budget and such reports as may be required by the District's Board of Directors.

8.2 Personnel Matters. The General Manager shall have the additional responsibility of organizing, reorganizing and arranging the staff of the District in such a way that in his judgment best serves the District. The General Manager shall have such responsibility in all personnel matters, including selection, assignment, transfer and termination of employees in accordance with the District's personnel rules and regulations. Members of the Board of Directors, individually and collectively, will promptly refer all criticisms, complaints and suggestions called to their attention to the General Manager for review and action as the General Manager deems appropriate.

8.2.1 In order to allow for a fair and objective assessment of the performance of the General Manager, the District agrees not to initiate termination of Fraser's employment within ninety (90) days following any District general or special election, or change in membership of the Board of Directors.

8.3 Other Duties. The General Manager (or his designee) shall: (1) review all policies proposed to the Board of Directors and make appropriate recommendations to the Board; (2) advise the Board of Directors of possible source of funds that might be available to implement present or contemplated District programs or services; (3) maintain and improve his professional competence by available means, including subscription to and reading of appropriate periodicals, and joining and participating in appropriate professional associations and their activities; (4) establish and maintain an appropriate community relations program; (5) serve as liaison between the Board of Directors and as its designated representative with respect to all labor negotiations, and make recommendations to the Board of Directors concerning those matters. Notwithstanding that a designee of the General Manager may perform such duties; the General Manager shall be the person ultimately responsible to the Board of Directors for the proper implementation of the duties and responsibilities described herein.

8.4 The General Manager will devote his full time and best efforts to performing his duties and to the District's business affairs.

8.5 The expenditure of reasonable amounts of time not in conflict with the District's needs and interests, for educational, charitable, community and professional activities, shall not be deemed a breach of this Agreement and shall not require prior consent. This agreement shall not be interpreted to prohibit Fraser from making passive personal investments or conducting private business affairs outside of his normal hours of work for the District if those activities do not materially interfere with the services required under this Agreement or create conflicts of interest.

9.0 Termination of Employment.

9.1 By Fraser. Fraser may terminate this Agreement upon giving thirty (30) days' written notice to the District's Board of Directors.

9.2 By District. As noted in Section 4.0, Fraser's employment herein is "at-will". Accordingly, the Board of Directors by three-fifths (3/5) vote may terminate this Agreement, and Fraser's employment at any time with or without cause by providing him with three (3) months salary and three (3) months continuation of all health benefits, plus one (1) month salary and (1) month of the continuance of health benefits for each year of service as an employee of the District. However, the total severance will not

exceed twelve (12) months salary and twelve (12) months continuation of all health benefits. The payment under this subsection is subject to, and in accordance with, the provisions of California Government Code Sections 53260 and 53261. In exchange for the severance pay provided herein, Fraser hereby expressly waives any right he may have under any applicable law, District policy or other, to challenge or appeal his termination.

10.0 Dispute Resolution. Fraser and District agree that, if a dispute arises concerning or relating to Fraser's employment with District, or the termination thereof, the dispute shall be submitted to binding arbitration under the rules of the American Arbitration Association then in effect. The arbitration shall take place in Riverside County, California, and both Fraser and District agree to submit to the jurisdiction of the arbitrator selected in accordance with American Arbitration Association rules and procedures. This arbitration procedure will be the exclusive means of redress for any disputes relating to or arising from Fraser's employment, or termination thereof, with District, including disputes over rights provided by federal, state, or local statutes, regulations, ordinances, and common law, including all laws that prohibit discrimination based on any protected classification. The parties expressly waive the right to a jury trial, and agree that the arbitrator's award shall be final and binding on both parties, and non-appealable. The arbitrator shall have discretion to award monetary and other damages, or to award no damages, and to fashion any other relief the arbitrator deems appropriate.

11.0 Notices. Any notice to be given hereunder by either party to the other party shall be in writing and may be transmitted by personal delivery or mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be address to the following respective addresses:

District:
Board of Directors
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223-2258

General Manager:
Mr. Eric Fraser
P.O. Box 814
Redlands, CA 92373

12.0 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The parties agree that any action or proceeding to enforce or relating to this Agreement shall be brought exclusively in the federal or state courts located in Riverside County, California and the parties hereto consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.

13.0 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the District's successor agency or entity as the case may be.

14.0 Severability. If any term, provision, or part of this Agreement is found by a court to be invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other terms, provisions, and parts of this Agreement shall nevertheless remain in full force and effect as long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. On such determination that any term, provision, or part of this Agreement is invalid, illegal, or incapable of being enforced, this Agreement shall be deemed to be modified so as to effect the parties' original intent as closely as possible to the end that the transactions contemplated by this Agreement and the terms and provisions of this Agreement are fulfilled to the greatest extent possible.

IN WITNESS WHEREOF, the parties have executed this Agreement effective July 18, 2011.

FRASER


ERIC FRASER

DISTRICT

BEAUMONT CHERRY VALLEY WATER DISTRICT

By Dr. Blair Ball
Dr. Blair Ball, President

By Ryan L. Woll
Ryan L. Woll, Vice President

**AMENDMENT NO. 1 TO EMPLOYMENT
AGREEMENT BETWEEN BEAUMONT-CHERRY VALLEY
WATER DISTRICT AND ERIC FRASER**

A. Recitals.

(i) The parties hereto entered into an employment agreement (“the Agreement” hereinafter) effective as of July 18, 2011 by which Beaumont-Cherry Valley Water District (“District” hereinafter) employed Eric Fraser (“General Manager” hereinafter) as its General Manager.

(ii) It is the desire of the parties to now amend the Agreement concerning the compensation to be paid and the annual leave time to be afforded to the General Manager.

B. Agreement.

Now, therefore, the parties hereby agree as follows:

1. Paragraph 5.1 of the Agreement hereby is amended to read as follows:

“5.1 Compensation. General Manager shall be paid an annual base salary of \$161,200 effective July 1, 2012, \$175, 600 effective July 1, 2013 and \$190,000 effective February 1, 2014. Said compensation shall be paid in equal bi-weekly payments. Retroactive pay shall be paid in one lump sum payment or in increments as requested by Fraser.”

2. Section 5.4.7 of the Agreement hereby is amended to read as follows:

“5.4.7 Commencing on July 1, 2013 Fraser shall be credited with 284 hours per year of leave time which shall be credited each pay period on a pro-rata basis. However, the leave shall be deemed “earned” each month on a pro-rata basis for conversion to cash as provided below. Bereavement leave will be given of up to four days upon the death of any immediate family member. Fraser shall have the option to convert his accrued leave to cash at any time during the term of this Agreement. All unused accrued leave balances shall be paid off upon voluntary or involuntary termination of employment at Fraser’s then existing salary.”

3. Other than as expressly amended hereby, the Agreement and each and every term and provision thereof shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1, effective _____, 2013.

General Manager

District

By: _____
Eric Fraser

By: _____
Ryan L. Woll, President

By: _____
Kenneth Ross, Vice President